

A G E N D A

REGULAR MEETING OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

Tuesday, January 22, 2019, 8:30 AM

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2323 N. Broadway, Board Room
Santa Ana, California 92706

HON. BRIAN PROBOLSKY
Chair

HON. STEVE JONES
Vice Chair

CHARLES BARFIELD
Board Member

STEVE FRANKS
Board Member

CHRIS GAARDER
Board Member

DEAN WEST, CPA
Board Member

HON. PHILLIP E. YARBROUGH
Board Member

Staff

Hon. Eric H. Woolery, CPA, Auditor-Controller
Chris Nguyen
Clare Venegas

Counsel

Patrick Bobko

Clerk of the Board

Kathy Tavoularis

The Orange Countywide Oversight Board welcomes you to this meeting. This agenda contains a brief general description of each item to be considered. The Board encourages your participation. If you wish to speak on an item contained in the agenda, please complete a Speaker Form identifying the item(s) and deposit it in the Speaker Form Return box located next to the Clerk. If you wish to speak on a matter which does not appear on the agenda, you may do so during the Public Comment period at the close of the meeting. Except as otherwise provided by law, no action shall be taken on any item not appearing in the agenda. Speaker Forms are located next to the Speaker Form Return box. When addressing the Board, please state your name for the record prior to providing your comments.

****In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the Clerk of the Board 72 hours prior to the meeting at (714) 834-2450****

All supporting documentation is available for public review online at <http://ocauditor.com/ob/> or in person in the office of the Auditor-Controller located in 12 Civic Center Plaza, Room 200, Santa Ana, California 92701 during regular business hours, 8:00 a.m. - 5:00 p.m., Monday through Friday.

A G E N D A

REGULAR MEETING OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

8:30 A.M.

1. Call to Order and Pledge of Allegiance
2. Approval of the Minutes from September 18, 2018
3. Adopt Resolution Regarding Request by Successor Agency for Approval of Amendment to Cooperative Agreement
 - a. City of Orange
4. Adopt Resolution Regarding Request by Successor Agency for Transfer of Property
 - a. City of Orange
5. Adopt Resolutions Regarding Requests by Successor Agencies for Annual Recognized Obligation Payment Schedule (ROPS) and Administrative Budget
 - a. County of Orange
 - b. Costa Mesa
 - c. Cypress
 - d. Fountain Valley
 - e. Fullerton
 - f. Garden Grove
 - g. Irvine
 - h. La Palma
 - i. Mission Viejo
 - j. City of Orange
 - k. San Juan Capistrano
 - l. Seal Beach
 - m. Stanton
 - n. Westminster

BOARD COMMENTS & ADJOURNMENT:

PUBLIC COMMENTS:

At this time members of the public may address the Board on any matter not on the agenda but within the jurisdiction of the Board. The Board may limit the length of time each individual may have to address the Board.

STAFF COMMENTS:

BOARD COMMENTS:

ADJOURNMENT:

NEXT MEETING:

Regular Meeting January 29, 2019, 8:30 AM

MINUTES

REGULAR MEETING OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

September 18, 2018, 9:30 a.m.

1. CALL TO ORDER

The regular meeting of the Orange Countywide Oversight Board was called to order at 9:30 a.m. on September 18, 2018 at 550 South Main Street, Room 7, Orange, California by Chairman Brian Probolsky, presiding officer.

Present:	7	Chairman:	Brian Probolsky
		Vice Chairman:	Steve Jones
		Board Member:	Charles Barfield
		Board Member:	Steve Franks
		Board Member:	Chris Gaarder
		Board Member:	Dean West
		Board Member:	Phillip E. Yarbrough

Absent: None

Also present were Chris Nguyen, Staff to the Oversight Board; Anthony Kuo, Clerk of the Oversight Board, and Clare Venegas, Consultant to the Oversight Board

2. PLEDGE OF ALLEGIANCE

Led by Chairman Probolsky.

3. OATH OF OFFICE

The Honorable Eric H. Woolery, Orange County Auditor-Controller, administered the Oath of Office for The Honorable Phillip E. Yarbrough to represent the California Community Colleges.

Board Member Yarbrough suggested to Chairman Probolsky moving Public Comment up on the agenda in advance of the presentations for other agenda items.

PUBLIC COMMENTS

Chairman Probolsky asked if any Board Members objected, and seeing none, opened Public Comment. No public comments were made.

4. APPROVAL OF MINUTES FROM AUGUST 7, 2018

Moved by Board Member Barfield, seconded by Board Member Gaarder.

5. ADOPTION OF RESOLUTION FOR REGULAR 2019 MEETING SCHEDULE

Staff member Nguyen presented a resolution setting forth the regular meeting schedule for 2019 (January 22, January 29, April 30, July 30, September 24) and location (the Rancho Santiago Community College District board room in Santa Ana). He noted some meeting dates such as the January meetings are anticipated to be lengthier and some dates may be ultimately cancelled depending on number of requests for agenda items by Successor Agencies. He noted that the resolution also delegated to staff the ability to move the September 24 regular meeting to September 17, provided notice is given no later than the April 30 regular meeting.

Vice Chairman Jones requested that the meeting notices be sent to Board Members via electronic calendar invitations. Board Member Yarbrough requested staff avoid major religious holidays like Yom Kippur when scheduling future meetings. Chairman Probolsky requested an earlier start time, to which the Board agreed on 8:30 a.m. as the start time for all future meetings.

ACTION: The resolution was moved by Board Member Barfield, seconded by Board Member Yarbrough, unanimously approved.

6. PRESENTATION ON THE BOARD'S DUTIES AND RESPONSIBILITIES

Staff member Nguyen provided a presentation of the Oversight Board's duties and responsibilities, citing the relevant language from Health and Safety Code Section 34179, and oversight relationship over the Successor Agencies in Orange County. He also noted the items that require Oversight Board approval including Recognized Obligation Payment Schedules (ROPS) and amendments; Last and Final ROPS; Issuance of bonds or other indebtedness; Pledges or agreements for the pledge of property tax revenue; Establishment of new repayment terms for outstanding loans; Compensation agreements; Property dispositions; and Final resolution of dissolution for the Successor Agency. Nguyen also noted Health and Safety Code does not allow Oversight Board members to be compensated or reimbursed for expenses.

Board Member Franks asked whether they would be able to get information about all of the Successor Agencies and the status of their obligations. Staff member Nguyen noted that the staff, along with the assistance of Curt Pringle & Associates, the consultant, are working on a "snapshot survey" for Successor Agencies to complete and will present the findings at a future meeting. Board Member Franks also inquired about the Oversight Board's administrative budget and how funds are allocated and drawn upon. Staff member Nguyen replied that only actual administrative and set-up costs are drawn upon as needed from the Redevelopment Property Tax Trust Fund (RPTTF), and such allocations do not require Board action.

7. ADOPT RESOLUTION AT THE REQUEST OF SEAL BEACH SUCCESSOR AGENCY FOR APPOINTMENT OF NEW OVERSIGHT AGENT AND PROGRAM ADMINISTRATOR

Vikki Beatley, the City of Seal Beach's Director of Finance and City Treasurer, presented the resolution requesting the Oversight Board authorize the Successor Agency's execution and delivery of Amendment No. 2 to appoint a successor Oversight Agent and Program Administrator for Seal Beach Shores, a mobile home park project, per the bond issuance documents.

ACTION: The resolution was moved by Board Member Yarborough, seconded by Board Member Barfield, unanimously approved.

8. ADOPT RESOLUTION AT THE REQUEST OF GARDEN GROVE SUCCESSOR AGENCY FOR TRANSFER OF PROPERTY

Vice Chairman Jones recused himself on this item and left the Board room.

Lisa Kim, the City of Garden Grove's Community and Economic Development Director, discussed the agency's request to approve the transfer of certain real property to New Age Brookhurst, LLC in accordance with the Long Range Property Management Plan.

Board Members Franks and Yarborough inquired about the sale proceeds and market valuation. Board Member West asked about the property tax distribution.

ACTION: Moved by Board Member Yarbrough, seconded by Board Member Gaarder, unanimously approved.

9. ADOPT RESOLUTIONS REGARDING REQUESTS BY SUCCESSOR AGENCIES FOR AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)

At 10:06 a.m., Vice Chairman Jones returned to the dais. Jones requested staff provide a legal opinion on recusals of Successor Agencies where he is also a sitting board member. Staff member Nguyen noted that staff will have an update later in the agenda regarding Board counsel.

- a. Anaheim:** Staff member Nguyen introduced the item. City of Anaheim Community and Economic Development Director John Woodhead presented a resolution approving amendment to FY 2018-19 ROPS for the Anaheim Successor Agency, and explained the background. The amendment requests RPTTF funds to pay a City loan obligation for construction of the Packing House alleyway. Department of Finance denied the request for funding, and they are awaiting a trial court decision that is consistent with the appellate court.

Board Member Franks asked if the Oversight Board's action make us a party to litigation. Board Member West asked about why the Department of Finance denied the request.

Staff member Nguyen noted that the first paragraph from resolution was

mistakenly placed there and should be deleted.

ACTION: Motion by Board Member Yarbrough, seconded by Vice Chairman Jones, unanimously approved, with an amendment to delete the erroneous first paragraph.

- b. **Garden Grove** – 10:13 a.m. Vice Chairman Jones recused himself from this item. Staff member Nguyen explained the request to approve the Garden Grove’s Amended ROPS 18-19 B. The funds should have come from FY 17-18 instead of FY 18-19.

ACTION: Motion by Board Member Barfield, seconded by Board Member Yarbrough, unanimously approved.

At 10:16 a.m., Vice Chairman Jones returned to dais.

- c. **Mission Viejo** -- Staff member Nguyen noted this item is to approve the Amended ROPS 18-19B, noting that Mission Viejo’s increase of \$33,000 is the result of implementing the settlement agreement resulting from litigation between the State, the County, and City. Nguyen noted Mission Viejo staff were in attendance to answer any questions.

Board Member Gaarder clarified that this reflects a change in how the expenses are allocated between the parties. Nguyen said that ROPS only pertains to money coming from the RPTTF.

ACTION: Motion by Board Member Gaarder, seconded by Board Member Barfield, unanimously approved.

- d. **San Juan Capistrano** – Staff member Nguyen introduced the San Juan Capistrano Successor Agency request to approve the Amended ROPS 18-19B for the second half of Fiscal Year 2018-19 to ensure that the Successor Agency complies with its bond covenants.

Vanessa Ludband, counsel to the San Juan Capistrano Successor Agency, explained the amended ROPS adjusts the timing of tax deposits in order to fully comply with the agreements. Board Member Franks asked whether this timing issue may occur with other agencies.

ACTION: Motion by Board Member Yarbrough, seconded by Vice Chairman Jones, unanimously approved.

- a. **Santa Ana** -- Staff member Nguyen introduced the request by the Santa Ana Successor Agency to approve a resolution approving an amendment to the FY 2018-19 ROPS to reflect payment of an outstanding obligation that is anticipated in January 2019.

ACTION: Motion by Board Member Gaarder, seconded by Board Member Yarbrough, unanimously approved.

BOARD COMMENTS

Chairman Probolsky invited Board Members to provide additional comments. Board Member Yarbrough noted he would be happy to address any issues or concerns that may arise related to the use of the Rancho Santiago Community College District board facilities for future Oversight Board meetings.

Chairman Probolsky invited staff to provide any additional comments.

STAFF COMMENTS

Staff member Nguyen provided an update regarding hiring Board Counsel. He noted that the Auditor-Controller’s office will soon launch a Request for Proposals to retain a primary counsel, but he anticipates there may be a lot of law firms that are conflicted from participating. The goal is to have counsel in place by the January meeting. Chairman Probolsky noted he would like to see the RFP before it goes out, and invited another Board Member to participate in a subcommittee. Board Member Barfield agreed to participate in that process. Nguyen noted that although the Countywide Oversight Board is a legally separate entity, staff will be following County’s procurement process for counsel selection, rather than inventing an entirely new procurement process.

ADJOURNMENT

Chairman Probolsky adjourned the meeting at 10:36 a.m. and noted the next regular meeting of the Countywide Oversight Board is scheduled for January 22, 2019.

BRIAN PROBOLSKY
CHAIRMAN OF THE COUNTYWIDE OVERSIGHT BOARD

KATHY TAVOULARIS
CLERK OF THE BOARD

DATE

Orange Countywide Oversight Board

Date: 1/22/2019 Agenda Item No. 3A

From: Successor Agency to the Orange Redevelopment Agency

Subject: Amendment No. 2 to Cooperative Agreement No. C-9-0901 between the Successor Agency to the Orange Redevelopment Agency, the City of Orange and the Orange County Transportation Authority for expansion of parking capacity at the Orange Santa Fe Depot

Recommended Action:

Approve the executed agreement and submission to the Department of Finance for final approval.

Cooperative Agreement No. C-9-0901 was executed May 3, 2010, and provided for reimbursement by the Orange County Transportation Authority (OCTA) of the initial design costs for the Metrolink Parking Structure project, including project management for the design phase, preparation of conceptual designs, community outreach, preparation of plans and specifications, and architect project support costs through the completion of the construction phase. OCTA reimburses the City 73% of project related costs up to \$1,650,000. The remaining portion of project related costs was to be borne by the Orange Redevelopment Agency. As such, the Successor Agency to the Orange Redevelopment Agency (SAORA) is a party to the cooperative agreement. All obligations for SAORA have been drawn down through the ROPS process, so no further funding will be sought through future ROPS. However, in order for the agreement to be considered fully executed, approval by the Oversight Board and Department of Finance is necessary.

The purpose of the contract amendment is to extend the agreement through December 31, 2020 to allow sufficient time to complete the scope of work and submit for reimbursement by OCTA. There are not changes to the amount or other terms of the original agreement.

Impact on Taxing Entities:

None.

Attachments:

Attachment 1 – Proposed Oversight Board Resolution to Approve Amendment No. 2 to Cooperative Agreement No. C-9-0901

Resolution No. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE ORANGE
REDEVELOPMENT AGENCY APPROVING AN AMENDMENT TO A
COOPERATIVE AGREEMENT WITH THE CITY OF ORANGE AND THE
ORANGE COUNTY TRANSPORTATION AGENCY

WHEREAS, the Orange Redevelopment Agency (the “Former Agency”) entered into a cooperative agreement with the City of Orange (the “City”) and the Orange County Transportation Authority (“OCTA”) on May 3, 2010, to provide for reimbursement of the initial design costs for the Metrolink Parking Structure project (the “Structure”); and

WHEREAS, the Successor Agency to the Orange Redevelopment Agency (the “Successor Agency”) is tasked with winding down the Former Agency’s affairs; and

WHEREAS, the original cooperative agreement has expired prior to the completion of the Structure; and

WHEREAS, the Successor Agency Board of Directors, along with the City and OCTA, have approved an amendment to the cooperative agreement to extend the agreement through December 31, 2020; and

WHEREAS, in order for the amendment to be fully executed it is necessary for the Countywide Oversight Board and the State of California Department of Finance to approve the agreement; and

WHEREAS, the approval of the amendment has no fiscal impact on the taxing entities as it does not change the total cost of the agreement and all costs associated with the cooperative agreement have been drawn through the Recognized Obligation Payment Schedule process;

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

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the cooperative agreement amendment, substantially in the form attached as Exhibit A.

Section 3. The members of this Oversight Board and the staff of the Successor Agency are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution.

EXHIBIT A

AMENDMENT NO. 2 TO COOPERATIVE AGREEMENT NO. C-9-0901

1 **NOW, THEREFORE**, it is mutually understood and agreed by the AUTHORITY, CITY, and
2 SUCCESSOR AGENCY that Agreement No. C-9-0901 is hereby amended in the following particulars
3 only:

4 1. Amend **ARTICLE 5. TERM OF AGREEMENT**, page 4 of 10, line 22, as last changed by
5 Amendment No. 1 dated December 9, 2015 to delete "December 31, 2017" as the expiration date of the
6 Agreement and in lieu thereof insert "December 31, 2020."

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1 The balance of Agreement No. C-9-0901 remains unchanged.

2 This Amendment No. 2 is effective January 1, 2018.

3 **IN WITNESS WHEREOF**, the parties hereto have caused this Amendment No. 2 to Agreement
4 No. C-9-0901 to be executed on the date first above written.

5 **CITY OF ORANGE**

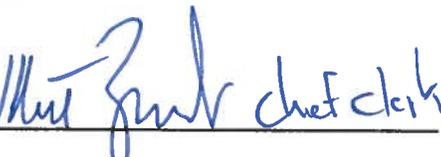
ORANGE COUNTY TRANSPORTATION AUTHORITY

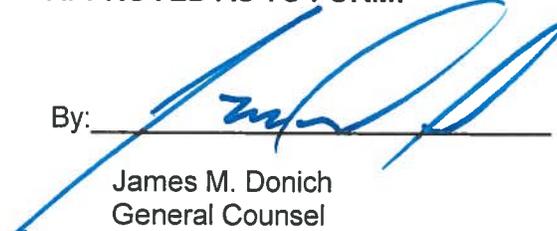
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7 By: 
8 Rick Otto
9 City Manager

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7 By: 
8 Meena Katakia
9 Manager, Capital Projects

10 **ATTEST:**

APPROVED AS TO FORM:

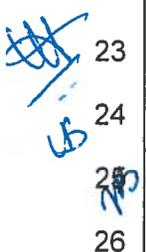
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12 By: 
13 Mary E. Murphy
14 City Clerk

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12 By: 
13 James M. Donich
14 General Counsel

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16 **APPROVED AS TO FORM:**

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18 By: 
19 Wayne W. Winthers
20 City Attorney

21 Date: 8/15/18

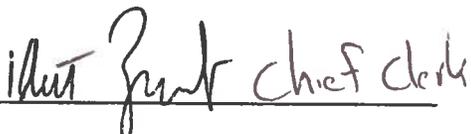
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1 **IN WITNESS WHEREOF**, the parties hereto have caused this Amendment No. 2 to Cooperative
2 Agreement No. C-9-0901 to be executed on the date first above written.

3 **SUCCESSOR AGENCY TO THE ORANGE REDEVELOPMENT AGENCY**

4
5 By: 
6 Teresa E. Smith
7 Chairperson

8 **ATTEST:**

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10 By: 
11 Mary E. Murphy
12 Successor Agency Clerk

13 **APPROVED AS TO FORM:**

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15 By: 
16 Wayne W. Winthers
17 Successor Agency General Counsel

18 Date: 8/15/18

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Orange Countywide Oversight Board

Date: 1/22/2019 Agenda Item No. 4A

From: Successor Agency to the Orange Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Directing the Transfer of a Governmental Use Property (APN 386-463-12) to the City of Orange and Taking Related Actions

Recommended Action:

Adopt resolution to direct the Successor Agency of the Orange Redevelopment Agency (the "Successor Agency") the transfer of a governmental use property (APN 386-463-12) to the City of Orange and taking related actions.

As part of the wind-down of the former Orange Redevelopment Agency's affairs, the Successor Agency transferred a number of properties to the City of Orange for governmental use with the prior approval of the Successor Agency's former oversight board and the State Department of Finance (the "DOF").

The former oversight board adopted Resolution No. OB-0039. The Resolution No. OB-0039 was intended to, among other things, allow the transfer of the West Chapman Parking Lot to the City of Orange. The DOF approved such transfer on November 5, 2013. The Parking Lot, consisting of several parcels, is located west of the train tracks at the Orange Metrolink Transportation Center. Successor Agency Staff recently discovered that one of the Parking Lot parcels was inadvertently left out of Resolution No. OB-0039.

This Resolution will authorize the Successor Agency's transfer of the remaining West Chapman Parking Lot parcel to the City.

Impact on Taxing Entities:

None.

Attachments:

- Attachment 1 – Proposed Oversight Board Resolution (with Exhibit A -- form of Quitclaim Deed)
- Attachment 2 – Successor Agency Governing Board Resolution No. SAROA-31 approving the transfer
- Attachment 3 – Resolution No. OB-0039, adopted by the Successor Agency Oversight Board on July 24, 2013
- Attachment 4 – State Department of Finance Letter, dated November 5, 2013, approving Resolution No. OB-0039
- Attachment 5 – Parcel map and photo

RESOLUTION NO. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE ORANGE REDEVELOPMENT AGENCY DIRECTING THE TRANSFER OF A GOVERNMENTAL USE PROPERTY (APN 386-463-12) TO THE CITY OF ORANGE AND TAKING RELATED ACTIONS

WHEREAS, pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Orange Redevelopment Agency (the "Former Agency") was dissolved as of February 1, 2012; the Successor Agency to the Orange Redevelopment Agency (the "Successor Agency") was constituted as the successor to the Former Agency; and

WHEREAS, the Successor Agency is tasked with winding down the Former Agency's affairs; and

WHEREAS, Health and Safety Code ("HSC") Section 34175(b), all real properties of the Former Agency transferred to the control of the Successor Agency by operation of law; and

WHEREAS, HSC Section 34181(a) sets forth certain requirements for the oversight board with jurisdiction over the Successor Agency to direct the Successor Agency to dispose of the Former Agency's properties, but provides that the oversight board may direct the Successor Agency to transfer ownership of a property that was constructed and used for a governmental purpose (including, among others, parks and public parking facilities facilities) to the appropriate public jurisdiction; and

WHEREAS, recently, it has come to the Successor Agency's attention that the Former Agency (as succeeded by the Successor Agency) remains to be the fee owner of record of a property located on West Chapman Avenue (APN 386-463-12) (the "Property"); and

WHEREAS, the Property consists of a small grassy park space, which is an appendage to the parking lot of the Metrolink Station (the "West Chapman Parking Lot"); and

WHEREAS, the former oversight board of the Successor Agency adopted Resolution No. OB-0039, approving the transfer of multiple governmental use properties, including the West Chapman Parking Lot parcels (and the State Department of Finance, by its letter dated November 5, 2013, approved the transfer of the West Chapman Parking Lot parcels); however, at that time, the Property was inadvertently left out of No. OB-0039; and

WHEREAS, in furtherance of its wind-down of the Former Agency's affairs, the Successor Agency desires to transfer the Property to the City pursuant to HSC Section 34181(a);

WHEREAS, pursuant to HSC Section 34179(j), commencing on and after July 1, 2018, the Orange Countywide Oversight Board (the "Oversight Board") has jurisdiction over the Successor Agency; and

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

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby authorizes and directs the Successor Agency to transfer the Property to the City and authorizes the Successor Agency to execute and deliver a quitclaim deed (the "Deed"), substantially in the form attached as Exhibit A, for such transfer.

Section 3. The members of this Oversight Board and the staff of the Successor Agency are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution.

EXHIBIT A

FORM OF QUITCLAIM DEED

RECORDING REQUESTED BY

AND WHEN RECORDED RETURN TO:

City of Orange
300 E. Chapman Avenue
Orange, California 92866
Attention: City Clerk

APN(s): 386-463-12

[SPACE ABOVE FOR RECORDER'S USE ONLY]

This transfer is exempt from Documentary Transfer Tax pursuant to Revenue & Taxation Code Section 11922, and exempt from Recording Fees pursuant to California Government Code Section 27383.

QUITCLAIM DEED

THE SUCCESSOR AGENCY TO THE ORANGE REDEVELOPMENT AGENCY does hereby REMISE, RELEASE AND FOREVER QUITCLAIM to the CITY OF ORANGE, a municipal corporation, all of the Successor Agency's right, title and interest in, under and to that certain real properties (and all improvements and fixtures located thereon) located in the County of Orange, State of California, described as:

The east 56.00 feet of Lot 1, in Block C of the Spotts Villa Tract, as per map recorded in book 3, page 45 of Miscellaneous Maps, in the office the County Recorder of Orange County, California.

IN WITNESS WHEREOF, the undersigned has executed this Quitclaim Deed as of the date set forth below.

Dated: _____, 2019

SUCCESSOR AGENCY TO THE
ORANGE REDEVELOPMENT AGENCY

Attest:

By: _____
Rick Otto
Executive Director

Pamela Coleman
Agency Clerk

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE
(California Government Code Section 27281)

This is to certify that the interest in real property conveyed to the City of Orange (the "City") by that certain Quitclaim Deed, dated _____, 2019, executed by the Successor Agency to the Orange Redevelopment Agency is hereby accepted by the undersigned officer on behalf of the City pursuant to the authority conferred by Resolution No. 11125 of the City Council of the City, adopted on December 11, 2018, and the City consents to the recordation thereof by its duly authorized officer.

Dated: _____, 2019

CITY OF ORANGE

By: _____
Mark A. Murphy
Mayor

RESOLUTION NO. SAORA-031

A RESOLUTION OF THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE ORANGE REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF A GOVERNMENTAL USE PROPERTY (APN 386-463-12) TO THE CITY OF ORANGE AND TAKING RELATED ACTIONS.

WHEREAS, pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Orange Redevelopment Agency (the "**Former Agency**") was dissolved as of February 1, 2012; the Successor Agency to the Orange Redevelopment Agency (the "**Successor Agency**") was constituted as the successor to the Former Agency; and an Oversight Board to the Successor Agency (the "**Oversight Board**") was established; and

WHEREAS, the Successor Agency is tasked with winding down the Former Agency's affairs; and

WHEREAS, Section 34175(b) of Health and Safety Code ("**HSC**"), all real properties of the Former Agency transferred to the control of the Successor Agency by operation of law; and

WHEREAS, HSC Section 34181(a) sets forth certain requirements for the Oversight Board to direct the Successor Agency to dispose of the Former Agency's properties, but provides that the Oversight Board may direct the Successor Agency to transfer ownership of a property that was constructed and used for a governmental purpose (including, among others, parks and public parking facilities) to the appropriate public jurisdiction; and

WHEREAS, recently, it has come to the Successor Agency's attention that the Former Agency (as succeeded by the Successor Agency) remains to be the fee owner of record of a property located on West Chapman Avenue (APN 386-463-12) (the "**Property**"); and

WHEREAS, the Property consists of a small grassy park space, which is an appendage to the parking lot of the Metrolink Station (the "**West Chapman Parking Lot**"); and

WHEREAS, the Oversight Board adopted Resolution No. OB-0039, approving the transfer of multiple governmental use properties, including the West Chapman Parking Lot parcels (and the State Department of Finance, by its letter dated November 5, 2013 approved Resolution No. OB-0039); however, at that time, the Property was inadvertently left out of No. OB-0039; and

WHEREAS, in furtherance of its wind-down of the Former Agency's affairs, the Successor Agency desires to transfer the Property to the City pursuant to HSC Section 34181(a); and

WHEREAS, the Oversight Board is expected to consider the adoption of a resolution ("**Oversight Board Resolution**") directing the transfer of the Property to the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ORANGE, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE ORANGE REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

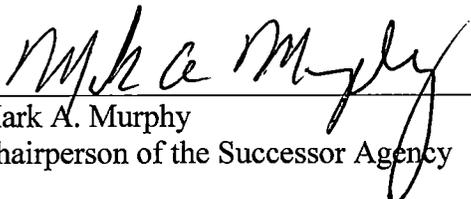
Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The transfer of the Property to the City is hereby authorized and approved. Each of the Chair, the Vice Chair and the Executive Director of the Successor Agency (collectively, the “**Authorized Officers**,” each being an “**Authorized Officer**”), acting individually, is hereby authorized to execute and deliver, for and in the name of the Successor Agency, a quitclaim deed (the “**Deed**”), substantially in the form attached as **Attachment A**, to effect and evidence such transfer; provided, that such execution shall occur after the Oversight Board Resolution takes effect.

Section 3. The Authorized Officers and other officers and Staff members of the Successor Agency are hereby authorized, jointly and severally, to do all things (including but not limited to the execution of any certificates or other instruments) which they may deem necessary or proper to effectuate the purposes of the Deed and this Resolution, and any such actions previously taken are hereby ratified and confirmed.

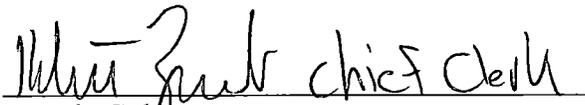
Section 4. This Resolution shall take effect immediately upon adoption.

ADOPTED this 11th day of December 2018.



Mark A. Murphy
Chairperson of the Successor Agency

ATTEST:

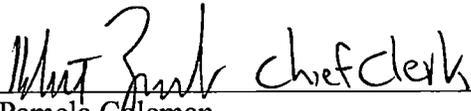


Pamela Coleman
Clerk of the Successor Agency
to the Orange Redevelopment Agency

STATE OF CALIFORNIA)
COUNTY OF ORANGE)
CITY OF ORANGE)

I, Pamela Coleman, Clerk of the Successor Agency, City of Orange, California, do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Orange, acting as the Governing Board of the Successor Agency to the Orange Redevelopment Agency, at a regular meeting thereof held on the 11th day of December 2018, by the following vote:

AYES: BOARD MEMBERS: Alvarez, Murphy, Nichols, Monaco
NOES: BOARD MEMBERS: None
ABSTAIN: BOARD MEMBERS: None
ABSENT: BOARD MEMBERS: None



Pamela Coleman
Clerk of the Successor Agency
to the Orange Redevelopment Agency

ATTACHMENT A
FORM OF QUITCLAIM DEED

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Orange
300 E. Chapman Avenue
Orange, California 92866
Attention: City Clerk

APN(s): 386-463-12

[SPACE ABOVE FOR RECORDER'S USE ONLY]

This transfer is exempt from Documentary Transfer Tax pursuant to Revenue & Taxation Code Section 11922, and exempt from Recording Fees pursuant to California Government Code Section 27383.

QUITCLAIM DEED

THE SUCCESSOR AGENCY TO THE ORANGE REDEVELOPMENT AGENCY does hereby REMISE, RELEASE AND FOREVER QUITCLAIM to the CITY OF ORANGE, a municipal corporation, all of the Successor Agency's right, title and interest in, under and to that certain real properties (and all improvements and fixtures located thereon) located in the County of Orange, State of California, described as:

The east 56.00 feet of Lot 1, in Block C of the Spotts Villa Tract, as per map recorded in book 3, page 45 of Miscellaneous Maps, in the office the County Recorder of Orange County, California.

IN WITNESS WHEREOF, the undersigned has executed this Quitclaim Deed as of the date set forth below.

Dated: _____, 2018

SUCCESSOR AGENCY TO THE
ORANGE REDEVELOPMENT AGENCY

ATTEST:

By: _____
Rick Otto
Executive Director

Pamela Coleman
Clerk of the Successor Agency
to the Orange Redevelopment Agency

RESOLUTION NO. OB-0039

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE ORANGE REDEVELOPMENT AGENCY DIRECTING THE SUCCESSOR AGENCY TO TRANSFER OWNERSHIP OF CERTAIN GOVERNMENTAL USE PROPERTIES FORMERLY OWNED BY THE ORANGE REDEVELOPMENT AGENCY TO THE CITY OF ORANGE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34181(a).

WHEREAS, pursuant to Assembly Bill X1 26 (which became effective at the end of June 2011), as modified by the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal. 4th 231(2011)), the Orange Redevelopment Agency (the "Redevelopment Agency") was dissolved as of February 1, 2012 and the Successor Agency to the Orange Redevelopment Agency (the "Successor Agency") was constituted; and

WHEREAS, on January 10, 2012, by Resolution No. 10625, the City of Orange declared itself as the successor agency (the "Successor Agency") upon the dissolution of the Redevelopment Agency, subject to all reservations stated in such resolution; and

WHEREAS, Assembly Bill 1484 (which became effective at the end of June 2012) amended and supplemented AB X1 26 (AB X1 26 and AB 1484, together, being referred to below as the "RDA Dissolution Act"); and

WHEREAS, the Oversight Board of the Successor Agency to the Orange Redevelopment Agency (the "Oversight Board") has been established to direct the Successor Agency to take certain actions to wind down the affairs of the Agency in accordance with the California Health and Safety Code; and

WHEREAS, pursuant to the RDA Dissolution Act, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Redevelopment Agency have been transferred to the control of the Successor Agency; and

WHEREAS, Health and Safety Code Section 34181(a) sets forth certain requirements for the Oversight Board to direct the Successor Agency to dispose of the assets and properties of the former Redevelopment Agency, but provides that the Oversight Board may direct the Successor Agency to transfer ownership of an asset that was constructed and used for a governmental purpose to the City of Orange; and

WHEREAS, Health and Safety Code Sections 34191.3 and 34191.5 suspended the requirements of Section 34181(a) pending the preparation of a long range management plan pursuant to Section 34191.5, except for transfers of properties for governmental use; and

WHEREAS, the Successor Agency has presented to the Oversight Board information at its May 9, 2012 meeting providing a general overview of real property assets; and

WHEREAS, pursuant to Health and Safety Code Section 34181(f), all actions taken by the Oversight Board pursuant to Health and Safety Code Section 34181(a) must be at a public meeting after at least ten days' notice to the public of the proposed action; and

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Orange Redevelopment Agency does hereby find, determine, resolve, and order as follows:

Section 1. The Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. All legal prerequisites to the adoption of this Resolution have occurred.

Section 3. In accordance with Health and Safety Code Section 34181(a), the Oversight Board hereby finds that all of the property, described below for reference purposes only, was owned by the former Redevelopment Agency and was constructed and used for a governmental purpose. Such Governmental Use Properties include:

- Local agency administrative building with related public parking lots encompassing 0.70 acres comprised of:
 - The local agency administrative building encompassing 0.34 acres (APN 390-382-05) located on West Chapman Avenue between Grand Street and Orange Avenue;
 - The northerly portion of the South Grand Parking Lot encompassing 0.18 acres (APN 390-382-08) located on South Grand Street between West Chapman Avenue and Almond Avenue;
 - The southerly portion of the South Grand Parking Lot encompassing 0.18 acres (APN 390-382-09) located on South Grand Street between West Chapman Avenue and Almond Avenue;
- The South Olive Parking Lot encompassing 0.18 acres (APN 390-663-09) located on South Olive Street between West Chapman Avenue and Almond Avenue which provides for public parking to support the City of Orange Senior Center;
- Public parking lots supporting the Orange Transportation Center and Metrolink Train Station encompassing 6.38 acres comprised of;

- The Lemon Street Parking Lot encompassing 1.74 acres (APNs 039-172-19, 039-381-20, and 039-381-21) located northwesterly of West Chapman Avenue and Lemon Street; and,
- The West Chapman Parking Lot encompassing 4.64 acres (APNs 386-451-42, 386-451-43, 386-451-4 18 and 386-451-19) located westerly of the Orange Transportation Center between Palm and Chapman Avenues.
- Old Towne Public Parking Lots encompassing 2.31 acres comprised of:
 - The South Orange Parking Lot encompassing 0.82 acres (APNs 390-381-15, 390-381-16, and 390-381-17) located on South Orange Street between East Chapman Avenue and Almond Avenue;
 - The North Olive Parking Lot encompassing 0.60 acres (APNs 039-174-01 and 039-174-25) located on North Olive Street between West Chapman Avenue and Maple Avenue; and,
 - The North Orange Parking Lot encompassing 0.89 acres (APNs 039-251-17 and 039-251-28) located on North Orange Street between East Chapman Avenue and Maple Avenue.

Section 4. There are no agreements between the Redevelopment Agency and the City of Orange governing the disposition of the Governmental Use Properties.

Section 5. In accordance with Health and Safety Code Section 34181(a), the Oversight Board does hereby direct the Successor Agency to transfer to the City of Orange all of the Governmental Use Properties for no consideration.

Section 6. The officers and staff of the Oversight Board and the Successor Agency 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.

Section 7. The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

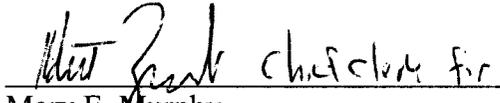
Section 8. This Resolution is duly adopted by the Oversight Board at a public meeting that was publically notice through print media and posting at least 10 days prior to the meeting.

ADOPTED this 24th day of July, 2013.



Carolyn V. Cavecche
Chairperson of the Oversight Board to the Successor
Agency of the Orange Redevelopment Agency

ATTEST:



Mary E. Murphy
Clerk of the Oversight Board

I hereby certify that the foregoing Resolution was duly and regularly adopted by the Oversight Board of the Successor Agency to the Orange Redevelopment Agency at a regular meeting thereof held on the 24th day of July, 2013, by the following vote:

AYES:	BOARDMEMBERS:	Remland, Christensen, Davert, Buttress, Cavecche, Schulze
NOES:	BOARDMEMBERS:	None
ABSENT:	BOARDMEMBERS:	Yarbrough
ABSTAIN:	BOARDMEMBERS:	None



Mary E. Murphy
Clerk of the Oversight Board

November 5, 2013

Ms. Lisa Kim, Senior Project Manager
City of Orange
230 East Chapman Avenue
Orange, CA 92866

Dear Ms. Kim:

Subject: Oversight Board Action Review

The City of Orange Successor Agency (Agency) notified the California Department of Finance (Finance) of its July 24, 2013 oversight board (OB) resolution on July 30, 2013. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

OB Resolution No. OB-0039 directs the Agency to transfer ownership of certain governmental use properties to the City of Orange. Based on our review and application of the law, we made the following determinations:

Property	Description	Determination
Local Agency Administration Building	Successor Agency Administration Building	Approved
South Grand Parking Lot I	Parking lot serving the Successor Agency Administration Building	Approved
South Grand Parking Lot II	Parking lot serving the Successor Agency Administration Building	Approved
West Chapman Parking Lot	Parking lot serving the Orange Metrolink Station	Approved
Lemon Street Parking Lot	Mixed use parking lot serving the Orange Metrolink Station and the general public	Approved
South Olive Parking Lot	Parking lot serving the City of Orange Senior Center	Approved
North Olive Parking Lot	Parking lot used by the general public visiting the Downtown area	Denied
South Orange Parking Lot	Parking lot used by the general public visiting the Downtown area	Denied
North Orange Parking Lot	Parking lot used by the general public visiting the Downtown area	Denied

HSC section 34181 (a) lists assets that have been constructed and are being used for a governmental purpose to include roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings. Transfers must be pursuant to existing agreements relating to the construction or use of these types of assets.

The properties subject to this review were assets of the former redevelopment agency, some of which are not currently in use for a governmental purpose as identified in the table above. HSC section 34191.3 suspended the requirements of HSC section 34181 (a) except for the successor agency's ability to dispose of assets used for governmental purposes, until Finance has issued a Finding of Completion and has approved a long-range property management plan (LRPMP). The Agency should include items denied for governmental purpose transfer in its LRPMP and address planned disposition of these properties as required by HSC section 34191.5.

In the event the OB desires to amend the portion of the resolution not approved by Finance, Finance is returning it to the board for reconsideration. However, the Agency can move forward with the portion of the resolution approved by Finance.

Please direct inquiries to Nichelle Thomas, Supervisor, or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Aaron Schulze, Project Coordinator, City of Orange
Mr. Frank Davies, Property Tax Manager, Orange County
Mr. Steven Mar, Bureau Chief, Local Government Audit Bureau, California State
Controller's Office
California State Controller's Office



Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5A

From: Successor Agency to the County of Orange Redevelopment Agency

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

Recommended Action:

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

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

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

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

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

Impact on Taxing Entities

None

Attachments

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

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

Successor Agency: Orange County
County: Orange

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

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

Brian Probolsky Chair
Name Title
/s/ _____
Signature Date

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

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

Resolution No. 19-_____

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

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

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

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

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

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

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

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

Submitting Agency/Department: OC COMMUNITY RESOURCES

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

The following is action taken by the Board of Supervisors:

APPROVED AS RECOMMENDED OTHER

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

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

Documents accompanying this matter:

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

Item No. 6

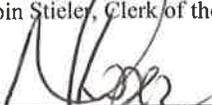
Special Notes:

Copies sent to:

OCCR - Jeff Kirkpatrick
1/11/19



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

By:  _____
Deputy

SUMMARY:

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

BACKGROUND INFORMATION:

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

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

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

FINANCIAL IMPACT:

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

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

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

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A - Recognized Obligation Payment Schedule

Attachment B - Resolution of the Board of Supervisors

Attachment C - Assembly Bill 1X 26

Attachment D - Health and Safety Code Section 34177

INDENTURE OF TRUST

Dated as of January, 1, 2014

by and between

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

and

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

Relating to

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

Table of Contents

Page

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.1	Findings and Determinations	2
Section 1.2	Definitions.....	2
Section 1.3	Rules of Construction.....	11

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.1	Authorization of Bonds	11
Section 2.2	Term of Bonds	12
Section 2.3	Redemption of Bonds.....	13
Section 2.4	Form of Bonds	13
Section 2.5	Execution of Bonds	13
Section 2.6	Transfer of Bonds.....	14
Section 2.7	Exchange of Bonds	14
Section 2.8	Registration Books	14
Section 2.9	Temporary Bonds.....	14
Section 2.10	Bonds Mutilated, Lost, Destroyed or Stolen.....	15
Section 2.11	Book-Entry Only System	15
Section 2.12	Successor Securities Depository; Transfers Outside Book-Entry Only System.....	16

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS
OF BONDS; PARITY DEBT

Section 3.1	Issuance of Bonds	16
Section 3.2	Application of Proceeds of Bonds.....	16
Section 3.3	Costs of Issuance Fund	17
Section 3.4	Issuance of Parity Bonds	17
Section 3.5	Validity of Bonds	18

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.1	Security of Bonds; Equal Security	18
Section 4.2	Redevelopment Obligation Retirement Fund, Debt Service Fund, Deposit of Pledged Tax Revenues	18
Section 4.3	Transfer of Amounts by the Trustee	19
Section 4.4	Rebate Fund	20

Table of Contents
(continued)

Page

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.1	Covenants of the Successor Agency	22
-------------	---	----

ARTICLE VI

THE TRUSTEE

Section 6.1	Duties, Immunities and Liabilities of Trustee	26
Section 6.2	Merger or Consolidation	27
Section 6.3	Liability of Trustee	28
Section 6.4	Right to Rely on Documents	29
Section 6.5	Preservation and Inspection of Documents	29
Section 6.6	Compensation and Indemnification	29
Section 6.7	Investment of Moneys in Funds and Accounts	30
Section 6.8	Accounting Records and Financial Statements	31
Section 6.9	Appointment of Co-Trustee or Agent	31

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.1	Amendment Without Consent of Owners	32
Section 7.2	Amendment With Consent of Owners	33
Section 7.3	Effect of Supplemental Indenture	33
Section 7.4	Endorsement or Replacement of Bonds After Amendment	33
Section 7.5	Amendment by Mutual Consent	33
Section 7.6	Opinion of Counsel	33

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.1	Events of Default and Acceleration of Maturities	34
Section 8.2	Application of Funds Upon Acceleration	35
Section 8.3	Power of Trustee to Control Proceedings	35
Section 8.4	Limitation on Owner's Right to Sue	36
Section 8.5	Non-waiver	36
Section 8.6	Actions by Trustee as Attorney-in-Fact	37
Section 8.7	Remedies Not Exclusive	37

Table of Contents
(continued)

Page

ARTICLE IX

MISCELLANEOUS

Section 9.1	Benefits Limited to Parties.....	37
Section 9.2	Successor is Deemed Included in All References to Predecessor.....	37
Section 9.3	Discharge of Indenture.....	37
Section 9.4	Execution of Documents and Proof of Ownership by Owners.....	38
Section 9.5	Disqualified Bonds.....	38
Section 9.6	Waiver of Personal Liability.....	39
Section 9.7	Destruction of Canceled Bonds.....	39
Section 9.8	Notices.....	39
Section 9.9	Partial Invalidity.....	39
Section 9.10	Unclaimed Moneys.....	40
Section 9.11	Execution in Counterparts.....	40
Section 9.12	Governing Law.....	40
Section 9.13	Payments Due on Other Than a Business Day.....	40
Signatures	S-1
EXHIBIT A	FORM OF BOND.....	A-1

INDENTURE OF TRUST

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

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

DETERMINATIONS; DEFINITIONS

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

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

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

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

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

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

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

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

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

“Certificate” or “Certificate of the Successor Agency” means a Written Certificate of the Successor Agency.

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

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

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

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

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

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

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

“County” means the County of Orange, California.

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

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

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

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

“DOF” means the California Department of Finance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Permitted Investments” means:

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

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

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

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

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

"Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Pledged Tax Revenues which may be outstanding at any time, (b) the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, (c) the period of time for receiving Tax Revenues for any purpose, established pursuant to Section 33333.4 or 33333.6 of the Redevelopment Law.

"Pledged Tax Revenues" means the portion of the monies deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Agency on or after the date of issue of the Bonds, pursuant to Article 6 of Chapter 6 of the Prior Law and Section 16 of Article XVI of the Constitution of the State, including (a) all payments, subventions and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, and (b) all amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Section 33334.3 of the Prior Law, to the extent permitted to be applied to the payment of principal, interest and premium, if any, with respect to the 2014 Bonds and any Parity Bonds, but excluding all taxes levied upon aircraft as that term is defined in Section 5303 of the Revenue and Taxation Code of the State and amounts of such taxes required to be paid by the Agency pursuant to the Pass-Through Agreements, except to the extent such payments are subordinated to the pledge of Pledged Tax Revenues hereunder. In accordance with the Dissolution Act, the Bonds and Parity Bonds shall be payable from and secured by, and Pledged Tax Revenues shall include, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Health & Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution; subject to any prior claims against such revenues under such sections.

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

"Prior Agency" means the Orange County Development Agency.

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

"Qualified Reserve Account Credit Instrument" means (a) with respect to the Bonds or any Parity Debt, an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 4.3, provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (i) the long-term credit rating of such bank or insurance company is "A" or better (without regard to gradations) highest rating categories (without regard to modifier) by S&P and Moody's, and, if rated by A.M. Best & Company, the claims paying ability of such insurance company is rated in one of the three highest rating category by A.M. Best & Company; (ii) such letter of credit or surety bond has a term of at least twelve (12) months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.3 of the Indenture; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account and the Principal Account for the purpose of making payments required pursuant to Section 4.3 of the Indenture and (b) with respect to any Parity Debt, such instrument as is set forth in the related Parity Debt Instrument.

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

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

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

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

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

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

"Refunded Bonds" means the 2003 Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

AUTHORIZATION AND TERMS

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

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

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

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

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

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

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

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

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

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

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

Section 2.3 Redemption of Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY DEBT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

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

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

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

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

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

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

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

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

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

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

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

(a) Excess Investment Earnings

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

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

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

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

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

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

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

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

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

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

June 17, 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RECITALS

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

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

NOW, THEREFORE, the Parties mutually agree as follows:

ARTICLES

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

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

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

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

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

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

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

Qualified Insurer

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

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

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

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

Required Coverage Forms

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

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

Required Endorsements

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

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

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

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

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

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

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

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

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

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

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

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

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

ABP shall appoint a project manager to direct ABP's efforts in fulfilling ABP's obligations under this Agreement ("ABP's Project Manager"). ABP's Project Manager shall be subject to approval by the County and shall not be changed without the written consent of the Contract Administrator, which consent shall not be unreasonably withheld. The Contract Administrator shall have the right to require the removal and replacement of ABP's Project Manager from providing services to the County under this Agreement. The Contract Administrator shall notify ABP in writing of such action. ABP shall accomplish the removal within 14 calendar day after written notice by the Contract Administrator. The Contract Administrator shall review and approve the appointment of the replacement for ABP's Project Manager. Said approval shall not be unreasonably withheld.

24. **Reports/Meetings:** ABP shall develop reports and any other relevant documents necessary to complete the services and requirements as set forth in this Agreement. The Contract Administrator and ABP's Project Manager will meet on reasonable notice to discuss ABP's performance and progress under this Agreement. If

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

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

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

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

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

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

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

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

- 37. Remedies Not Exclusive:** The remedies for breach set forth in this Agreement are cumulative as to one another and as to any other provided by law, rather than exclusive; and the expression of certain remedies in this Agreement does not preclude resort by either Party to any other remedies provided by law.
- 38. Notices:** Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given herein shall be in writing, except through the course of the County's Contract Administrator and ABP's Project Manager routine exchange of information and cooperation during the terms of the work and services. Any written communications shall be deemed to have been duly given upon actual in-person delivery, if delivery is by direct hand or upon delivery on the actual day of receipt or no greater than four calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate Party at the address stated herein or such other address as the Parties hereto may designate by written notice from time to time in the manner aforesaid.

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

ABP: Applied Best Practices
19900 MacArthur Blvd, Suite 1100
Irvine, CA 92612

- 39. County Child Support Enforcement:** ABP is required to comply with the child support enforcement requirements of the County. Failure of ABP to comply with all federal, state, and local reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of the Agreement. Failure to cure such breach within 60 calendar days of notice from the County shall constitute grounds for termination of this Agreement.
- 40. Change Of Ownership:** ABP agrees that if there is a change or transfer in ownership of ABP's business prior to completion of this Agreement, the new owners shall be required under terms of sale or other transfer to assume ABP's duties and obligations contained in this Agreement and complete them to the satisfaction of County.
- 41. Precedence:** The documents herein consist of this Agreement and its Attachments. In the event of a conflict between or among the Agreement documents, the order of precedence shall be the provisions of the main body of this Agreement, i.e., those provisions set forth in the articles of this Agreement, and then the Attachments.
- 42. Headings:** The various headings and numbers herein, the grouping of provisions of this Agreement into separate clauses and paragraphs, and the organization hereof are for the purpose of convenience only and shall not limit or otherwise affect the meaning hereof.
- 43. Severability:** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.
- 44. Calendar Days:** Any reference to the word "day" or "days" herein shall mean calendar day or calendar days, respectively, unless otherwise expressly provided.
- 45. Attorney Fees:** In any action or proceeding to enforce or interpret any provision of this Agreement, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs and expenses.

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

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

AGREEMENT SIGNATURE PAGE

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

Applied Best Practices, LLC*

Joshua J. Lentz Vice President
Print Name Title

December 11, 2015
Signature Date

Daniel L. Wiles General Counsel
Print Name Title

December 11, 2015
Signature Date

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

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

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

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

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

Susana Ortiz Administrative Manager
Print Name Title

12/11/2015
Signature Date

ATTACHMENT A

SCOPE OF WORK

TASK I. CONTINUING DISCLOSURE SERVICES

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

TASK II. ORGANIZE COUNTY’S POSTINGS WITH EMMA

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

TASK III. CREDIT RATING SERVICES

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

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

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

TASK IV. SPECIAL SERVICES

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

ATTACHMENT B

COMPENSATION/PAYMENT

1. **Compensation:** This is an Agreement between the County and ABP for continuing disclosure services as provided in the Scope of Work, Attachment A. ABP agrees to accept the specified compensation as set forth in this Agreement as full remuneration for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by ABP of all its duties and obligations hereunder. The County shall have no obligation to pay any sum in excess of total Agreement amount specified below unless authorized by amendment.

2. **Payment Schedule:** County shall pay ABP for each type of service in accordance to the fee and hourly rates as set forth below. In no event shall compensation under this Agreement exceed \$150,000 for a 3 year term or \$250,000 for a 5 year term.

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

Hourly Rates

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

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

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

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

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

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

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

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

Invoices and support documentation are to be forwarded to:

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

new contract

CONTRACT NO. 017-18003BC

FOR

GENERAL PUBLIC FINANCE LEGAL SERVICES

BETWEEN

CEO/PUBLIC FINANCE DIVISION

AND

STRADLING YOCCA CARLSON & RAUTH



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

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

ATTACHMENTS

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

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

RECITALS

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

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

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

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

NOW, THEREFORE, the Parties mutually agree as follows:

DEFINITIONS

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

ARTICLES

General Terms and Conditions:

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

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

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

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

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

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

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

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

Qualified Insurer

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

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

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

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

Required Coverage Forms

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

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

Required Endorsements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Additional Terms and Conditions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Signature Page

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

Stradling Yocca Carlson & Rauth, a Professional Corporation*

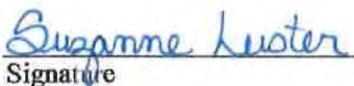
	Robert J. Whalen	Vice President	3/14/18
Signature	Name	Title	Date

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

COUNTY OF ORANGE

A political subdivision of the State of California

COUNTY AUTHORIZED SIGNATURE:

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

APPROVED AS TO FORM:

County Counsel

By 
Deputy
Date 4/10/18

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

ATTACHMENT A

SCOPE OF WORK

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

ATTACHMENT B

COMPENSATION/PAYMENT

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

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

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

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

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

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

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

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

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

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

8. **Taxpayer ID Number:** The Contractor shall include its taxpayer ID number on all invoices submitted to the County for payment to ensure compliance with IRS requirements and to expedite payment processing.
9. **Payment – Invoicing Instructions:** The Contractor will provide an invoice on the Contractor's letterhead for services rendered. Each invoice shall be reviewed by County staff prior to payment to ensure that the billing is consistent with the following information:
 - a. Contractor's name and address
 - b. Contractor's remittance address, if different from 1 above
 - c. Contractor's Taxpayer ID Number
 - d. Name of County Agency/Department
 - e. Service address
 - f. Contract number
 - g. Date of invoice
 - h. Description of fees/service
 - i. Dates service was provided
 - j. Specify the specific bond issue
 - k. Sales tax, if applicable
 - l. Total

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

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

ATTACHMENT C

STAFFING PLAN

1. Primary Staff

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

2. Alternate Staff

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

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

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

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

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

RECITALS

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

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

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

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

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

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

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

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

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

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

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

Section 3. ***Compensation of Stradling.***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Qualified Insurer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If to the County:

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

If to Stradling:

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

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

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

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

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

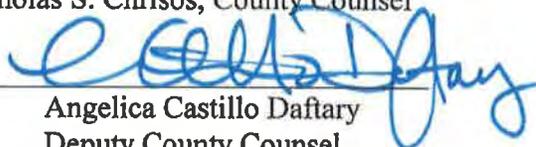
Section 25. **Counterparts.** This Agreement may be executed in any number of counterparts, each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

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

County of Orange, California

By: 
Suzanne Luster
Public Finance Manager

Approved as to Form
Nicholas S. Chrisos, County Counsel

By: 
Angelica Castillo Daftary
Deputy County Counsel

STRADLING YOCCA CARLSON
& RAUTH, A PROFESSIONAL
CORPORATION

By: 
Robert J. Whalen, Esq.

HOURLY FEE SCHEDULE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Covenant 12. Further Assurances. The Successor Agency covenants and agrees to adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

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

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

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

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

ARTICLE VI

THE TRUSTEE

Section 6.1 Duties, Immunities and Liabilities of Trustee.

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

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

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

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

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

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

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

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

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

Section 6.3 Liability of Trustee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

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

(a) to add to the covenants and agreements of the Successor Agency in this Indenture contained, other covenants and agreements thereafter to be observed or to limit or surrender any rights or power herein reserved to or conferred upon the Successor Agency; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Bonds pursuant to Section 3.4, and to provide the terms and conditions under which such Parity Bonds may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.4; or

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

Section 7.2 Additional Amendments With Consent of Owners. No modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums, if any, at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

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

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

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

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

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

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

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

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

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

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

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

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

manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid interest on the Bonds is actually paid on such date.)

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest, if any, upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the net effective rate then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee and the Owners, including but not limited to attorneys fees, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

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

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

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

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

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

Section 8.4 Limitation on Owner's Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding, including a writ of mandamus in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

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

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

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

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

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

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

ARTICLE IX

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

With a copy to:

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

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

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

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

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

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

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

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

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

SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY

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

ATTEST:

Joan Park
Clerk of the Board

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUCCESSOR AGENCY TO THE ORANGE
COUNTY DEVELOPMENT AGENCY

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

Clerk of the Board

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

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

Authentication Date: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

[FORM OF LEGAL OPINION]

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

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

[FORM OF ASSIGNMENT]

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

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

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

Dated: _____

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

Signature Guaranteed:

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

EXHIBIT B

FORM OF LETTER OF REPRESENTATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Dated: _____

[PURCHASER]

By: _____

Name: _____

Title: _____

INDENTURE OF TRUST

Dated as of August 1, 2014

by and between

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

and

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

Relating to

**\$14,090,000
SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
(NEIGHBORHOOD DEVELOPMENT AND PRESERVATION PROJECT)
TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014**

Table of Contents

Page

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.1	Findings and Determinations	2
Section 1.2	Definitions.....	2
Section 1.3	Rules of Construction.....	10

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.1	Authorization of Bonds.....	11
Section 2.2	Term of Bonds	12
Section 2.3	Redemption of Bonds.....	13
Section 2.4	Form of Bonds	15
Section 2.5	Execution of Bonds.....	15
Section 2.6	Transfer of Bonds.....	15
Section 2.7	Exchange of Bonds	15
Section 2.8	Registration Books.....	16
Section 2.9	Temporary Bonds.....	16
Section 2.10	Bonds Mutilated, Lost, Destroyed or Stolen.....	16
Section 2.11	Book-Entry Only System	17
Section 2.12	Successor Securities Depository; Transfers Outside Book-Entry Only System.....	18

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS
OF BONDS; PARITY DEBT

Section 3.1	Issuance of Bonds	18
Section 3.2	Application of Proceeds of Bonds.....	18
Section 3.3	Costs of Issuance Fund	19
Section 3.4	Issuance of Parity Bonds.....	19
Section 3.5	Validity of Bonds	19

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.1	Security of Bonds; Equal Security	20
Section 4.2	Redevelopment Obligation Retirement Fund, Debt Service Fund, Deposit of Pledged Tax Revenues	20
Section 4.3	Transfer of Amounts by the Trustee	20
Section 4.4	Rebate Fund	21

Table of Contents
(continued)

Page

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.1	Covenants of the Successor Agency	23
-------------	---	----

ARTICLE VI

THE TRUSTEE

Section 6.1	Duties, Immunities and Liabilities of Trustee	27
Section 6.2	Merger or Consolidation	29
Section 6.3	Liability of Trustee	29
Section 6.4	Right to Rely on Documents	30
Section 6.5	Preservation and Inspection of Documents	31
Section 6.6	Compensation and Indemnification	31
Section 6.7	Investment of Moneys in Funds and Accounts	31
Section 6.8	Accounting Records and Financial Statements	32
Section 6.9	Appointment of Co-Trustee or Agent	33

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.1	Amendment Without Consent of Owners	33
Section 7.2	Additional Amendment With Consent of Owners	34
Section 7.3	Effect of Supplemental Indenture	34
Section 7.4	Endorsement or Replacement of Bonds After Amendment	34
Section 7.5	Amendment by Mutual Consent	34
Section 7.6	Opinion of Counsel	34

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.1	Events of Default and Acceleration of Maturities	35
Section 8.2	Application of Funds Upon Acceleration	36
Section 8.3	Power of Trustee to Control Proceedings	36
Section 8.4	Limitation on Owner's Right to Sue	37
Section 8.5	Non-waiver	37
Section 8.6	Actions by Trustee as Attorney-in-Fact	38
Section 8.7	Remedies Not Exclusive	38

Table of Contents
(continued)

Page

ARTICLE IX

MISCELLANEOUS

Section 9.1	Benefits Limited to Parties.....	38
Section 9.2	Successor is Deemed Included in All References to Predecessor.....	38
Section 9.3	Discharge of Indenture.....	38
Section 9.4	Execution of Documents and Proof of Ownership by Owners	39
Section 9.5	Disqualified Bonds.....	40
Section 9.6	Waiver of Personal Liability	40
Section 9.7	Destruction of Canceled Bonds.....	40
Section 9.8	Notices	40
Section 9.9	Partial Invalidity.....	41
Section 9.10	Unclaimed Moneys	41
Section 9.11	Execution in Counterparts.....	41
Section 9.12	Governing Law	41
Section 9.13	Payments Due on Other Than a Business Day.....	41
Signatures	S-1
EXHIBIT A	FORM OF BOND.....	A-1
EXHIBIT B	FORM OF LETTER OF REPRESENTATIONS	B-1

INDENTURE OF TRUST

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

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

DETERMINATIONS; DEFINITIONS

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

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

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

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

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

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

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

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

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

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

“Certificate” or “Certificate of the Successor Agency” means a Written Certificate of the Successor Agency.

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

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

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

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

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

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

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

“County” means the County of Orange, California.

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

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

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

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

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

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

“DOF” means the California Department of Finance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

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

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

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

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

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

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

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

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

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

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

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

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

(11) The Orange County Investment Pool.

"Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Pledged Tax Revenues which may be outstanding at any time, (b) the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, (c) the period of time for receiving tax revenues for any purpose, established pursuant to Section 33333.4 or 33333.6 of the Law, in each case as applicable.

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

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

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

“Prior Agency” means the Orange County Development Agency.

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

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

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

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

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

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

“Refunded Bonds” means the 2001 Bonds.

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

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

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

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

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

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

“State” means the State of California, United States of America.

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

AUTHORIZATION AND TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 2.3 Redemption of Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY DEBT

Section 3.1 Issuance of Bonds. Upon the execution and delivery of this Indenture and receipt by the Successor Agency of evidence satisfactory to it of satisfaction of the conditions precedent to issuance of the Bonds, the Successor Agency shall execute and deliver Bonds in the aggregate principal amount of Fourteen Million Ninety Thousand Dollars (\$14,090,000) to the Trustee and the Trustee shall authenticate and deliver the Bonds upon the Written Request of the Successor Agency.

Section 3.2 Application of Proceeds of Bonds. (a) On the Delivery Date the proceeds of sale of the Bonds (being \$14,090,000, constituting the par amount of Bonds) shall be paid to the Trustee and said amount together with moneys transferred from the Funds and Accounts held in connection with the Refunded Bonds shall be applied as follows:

(i) Trustee shall transfer the amount of \$13,905,155.00 to the 2001 Bonds Escrow Bank for deposit in the 2001 Bonds Escrow Fund pursuant to the 2001 Bonds Escrow Agreement; and

(ii) The Trustee shall deposit the amount of \$184,845.00 from Bond proceeds into the Costs of Issuance Fund.

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

Moneys deposited in the 2001 Bonds Escrow Fund pursuant to Section 3.2 hereof shall be held by the 2001 Bonds Escrow Bank and used to pay the principal of and interest on the 2001 Bonds in accordance with the provisions of the 2001 Bonds Escrow Agreement.

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

Section 3.4 Issuance of Parity Bonds. In addition to the Bonds, subject to the requirements of this Indenture, the Successor Agency may issue or incur Parity Bonds in such principal amount as shall be determined by the Successor Agency solely for the purpose of refunding all (but not less than all) of the Bonds, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and the Trustee and for such purposes as are permitted under the Dissolution Act, including without limitation Section 34177.5 thereof. The Successor Agency may issue or incur such Parity Bonds subject to the following specific conditions precedent:

- (a) The Successor Agency will be in compliance with all covenants set forth in this Indenture;
- (b) The Oversight Board shall have approved the issuance of Parity Bonds;
- (c) The Parity Bonds will be on such terms and conditions as may be set forth in a separate or Supplemental Indenture, which will provide for (i) bonds substantially in accordance with this Indenture;
- (d) Receipt of a certificate or opinion of an Independent Financial Consultant stating that the conditions of Section 34177.5(a)(1) for the issuance of refunding bonds have been met, together with supporting schedules demonstrating such conditions have been met.
- (e) The Parity Bonds will mature on and interest will be payable on the same dates as the Bonds (except the first interest payment may be from the date of the Parity Bonds until the next succeeding March 1 or September 1) provided, however, nothing herein shall preclude the Successor Agency from issuing and selling Parity Bonds which do not pay current interest.

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

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

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

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

Section 4.2 Redevelopment Obligation Retirement Fund, Debt Service Fund, Deposit of Pledged Tax Revenues. There has been established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to Section 34170.5(b) of the Dissolution Act. There is hereby established a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee in accordance with this Indenture. The Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year from the RPITF in accordance with the Dissolution Act in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and held under this Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account and the Principal Account in such Bond Year pursuant to Section 4.3 of this Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in any Supplemental Indenture.

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

(a) 2014 Bonds Interest Account. On or before the 5th Business Day preceding each Interest Payment Date, the Trustee will withdraw from the Debt Service Fund and transfer to the 2014 Bonds Interest Account an amount which, when added to the amount contained in the 2014 Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and

deposit need be made to the 2014 Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. Subject to this Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

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

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

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

(a) Excess Investment Earnings

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

(ii) Transfer. Within 55 days of the end of each fifth Computation Year with respect to the Bonds, upon a Written Request of the Successor Agency, an amount shall

be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this Section 4.4(a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon receiving a Written Request of the Successor Agency, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Debt Service Fund.

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

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

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

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

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

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

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

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

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

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

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

Covenant 3. Punctual Payment. The Successor Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds. Further, it will take all actions required under the Dissolution Act to include on the Recognized Obligation Payment Schedules for each six-month period of a calendar year, beginning with the first six-month period arising after the Delivery Date for which no Recognized Obligation Payment Schedule has been submitted, all payments to the Trustee to satisfy the requirements of Section 4.2 of this Indenture. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and DOF, to the extent necessary, the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following six-month period. For the avoidance of doubt, the Agency will take all actions required under the Dissolution Act to include in the Recognized Obligation Payment Schedule relating to the January 2 payment date commencing January 2, 2015, the annual scheduled debt service on the Bonds and any Parity Bonds coming due in that same calendar year.

**ATTACHMENT B
AGREEMENT NO. 14-001AR
FOR ARBITRAGE REBATE SERVICES**

This Agreement for arbitrage rebate services (this "Agreement") is made and entered into by and between the County of Orange, California, a political subdivision organized and existing pursuant to the Constitution and laws of the State of California (the "County") and BLX Group LLC ("BLX").

RECITALS

WHEREAS, from time to time, the County and certain County-related entities, including, but not limited to, community facilities districts, assessment districts, joint powers agencies and the Orange County Development Agency issue or deliver obligations, the interest of which are exempt from federal income taxation;

WHEREAS, the County requires the services of a firm expert and experienced in the application of the Internal Revenue Code and United States Treasury regulations, rules, procedures, interpretations and judicial pronouncements relevant to tax-exempt obligations rebate liability calculation;

WHEREAS, BLX is experienced in matters relating to obligations which interest is exempt from federal income taxation, including the calculation of rebate liability and is willing and able to provide services to the County as more fully specified herein.

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

AGREEMENT

Section 1. **Engagement of BLX.** The County engages the services of BLX as an independent contractor to provide administration services for the Programs, as more fully described below. BLX is willing and able to perform such services for and on behalf of the County. It is understood that Nancy Kummer, Glenn Casterline, Michelle Chung, Vo Nguyen and Larry Sobel shall be the employees of BLX principally responsible for performing the services described herein. Through the aforementioned person and such other BLX staff as are needed and agreed to by the Contract Administrator (as defined herein) to carry out the responsibilities of BLX under this Agreement, BLX shall provide the following arbitrage rebate services:

I. General Services

- A. In order to meet Internal Revenue Code time requirements, consult with County, issuer, investment provider, bond counsel, trustee and others (as applicable) to gather the information necessary to make arbitrage liability calculations.
- B. Applying regulations of the United States Department of the Treasury, in effect on such calculation date, prepare calculations as follows:

1. For each bond issue, prepare and deliver to County, annually and at final maturity or redemption of bonds, a rebate or penalty report containing the following:
 - a. Schedules that meet County's specifications reflecting all relevant calculations.
 - b. A listing of all of the assumptions used.
 - c. A schedule showing the cumulative amount of the rebate or penalty liability as of each calculation date.
 - d. Any required Internal Revenue Service forms.
 - e. An opinion summarizing the results of the arbitrage rebate liability calculations.
 - f. Recommendations to County on how to lawfully minimize its rebate obligations.
 2. On an "as needed" basis, recalculate prior completed arbitrage rebate reports to ensure compliance with the Internal Revenue Code, regulations, rulings and interpretive pronouncements.
 3. If the Issuer elects a "penalty in lieu of rebate", under Code Section 148(f)(4)(C)(vii), calculate every six months the amount of such "penalty" as of the end of each six-month period beginning on the date of issue of the Bonds.
 4. As otherwise directed in writing by the Contract Administrator.
- C. Notify County two weeks in advance when rebate payments need to be made to the Internal Revenue Service.
- D. Maintain an internal system that checks all calculations for accuracy.
- E. Maintain and monitor a database that tracks the preparation of arbitrage liability calculations for all County bond issues. Provide a copy of the database to County.
- F. Report to County any changes to rebate requirements and provide technical consultation support regarding provisions of the applicable Internal Revenue Code provision, regulations, rulings and interpretive pronouncements governing arbitrage rebate.
- G. Provide other related services as requested in writing by the Contract Administrator.

II. Special Services

From time to time, the County may request that BLX provide Special Services. Special Services are defined as services in addition to those delineated in Section I and Attachment I (Fee Schedule), that may include, but not be limited to, work related to litigation; special studies; additional arbitrage/rebate analyses and reports required due to new financings ,

calling of bonds, redemption of bonds, or other required services. Special Services shall be requested and ordered in writing by the Contract Administrator. Compensation for such requests for Special Services shall be paid by the County at the rate equal to the Installment/Final Computation Report (\$1,100 per report) as identified in the Fee Schedule in Attachment I.

Section 2. ***Term.*** This Agreement shall be effective upon approval by the Board of Supervisors and shall continue in full force and effect until July 31, 2019.

Notwithstanding the foregoing, either party may terminate this Agreement at any time either in whole or in part following written 30 days' notice to the other party regarding such termination.

Section 3. ***Compensation of BLX.***

A. BLX will be compensated for services performed in connection with this Agreement in accordance with the fee schedule in Attachment I to this Agreement, which is incorporated hereto by this reference.

B. In no event shall compensation payable under this Agreement exceed \$49,500 per Agreement Year for services identified in Section 1. On any given year, compensation may exceed \$49,500, but only for Special Services as defined above and as approved by the Contract Administrator. For the purposes of this Agreement, "Agreement Year" is defined as the period of August 1 through July 31, beginning on the effective date hereof and each year thereafter during the term of this Agreement.

C. Notwithstanding any other provision of this Agreement to the contrary, all obligations of the County under this Agreement shall be paid solely from the particular sources of revenue pledged (e.g., special taxes, special assessments, tax increment) to the repayment of each issuance and the County General Fund shall not otherwise be liable hereunder.

D. In addition all obligations of the County herein are be expressly contingent upon appropriation of sufficient funds by the County Board of Supervisors. The failure of the County Board of Supervisors to appropriate sufficient funds shall result in the immediate termination of this Agreement.

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

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

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

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

Section 8. **Indemnification.** BLX agrees to indemnify, defend with counsel approved in writing by County, and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which County's Board of Supervisors acts as the governing Board ("County Indemnitees") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by BLX pursuant to this Agreement. If judgment is entered against BLX and County by a court of competent jurisdiction because of the concurrent active negligence of County or County Indemnitees, BLX and County agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

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

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

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

Section 12. **Subcontracts.** BLX is responsible for all requirements under this Agreement even though the requirements are carried out pursuant to subcontract. All Agreement requirements apply to subcontractors. All proposed subcontracts must be filed with, and approved by the Contract Administrator prior to execution of any agreement with the subcontractor.

BLX shall submit a listing which identifies the name of the subcontractor, the method by which the subcontractor was selected, and the total funding to be paid to the subcontractor. If other than the lowest bidder or a sole-source provider is selected, all documents used in subcontractor selection must be presented in writing to the Contract Administrator for prior approval before awarding any contract. The Contract Administrator reserves the right to disapprove any subcontractor.

Section 13. **News Releases.** BLX agrees to submit to the Contract Administrator, prior to release, copies of news releases related to this Agreement. County reserves the right to modify or deny the release of such news releases.

Section 14. **Examination of Accounts, Audit and Records.** BLX's records relating to services provided under this Agreement shall be subject at all reasonable times to inspection, audit and reproduction by the County or any of its duly authorized representatives. BLX shall preserve and make available records (I) for a period of three years from the date of final payment under this Agreement and (II) for such longer period, if any, as is required by subsections A and B below:

A. If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any termination.

B. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three year period, whichever is later.

Section 15. **Ownership of Records.** All work-product, records, and materials relating to this Agreement shall be the sole and exclusive property of County, as the work is completed or otherwise upon termination of this Agreement. BLX shall deliver to the Contract Administrator all copies of any and all materials pertaining to this Agreement.

Section 16. **Name Change.** BLX shall provide written notice to the Contract Administrator at least thirty (30) days prior to any changes to BLX's current legal name, if practicable, but in any event, not later than the date of any such change. The Contract Administrator shall be provided with all pertinent information relating thereto which is requested.

Section 17. **Changes in Staff.** The Contract Administrator has the reasonable right to approve or disapprove any proposed changes in BLX's staff from the individuals named in this Agreement. The Contract Administrator shall be provided with a resume of any proposed substitute and shall be given the opportunity to interview that person prior to his or her decision to approve or disapprove.

Section 18. **Child Support Compliance.** Unless provided contemporaneously with its execution of this Agreement, BLX agrees to furnish to the Contract Administrator within thirty (30) days of this Agreement's effective date:

A. The name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in BLX;

B. A certification that BLX has fully complied with all applicable federal and state reporting requirements regarding its employees;

C. A certification that BLX has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

The failure of BLX to timely submit the data or certifications required by Subsections A, B or C, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from the County shall constitute grounds for termination of this Agreement.

It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, and for no other purpose.

The Contract Administrator, with the concurrence of the County Purchasing Agent, may waive the requirements of this provision, or any part thereof.

The Contract Administrator shall forthwith transmit data received from BLX under the provisions of this Section to the Orange County District Attorney, and shall not use or disclose the data for any other purpose.

Section 19. Insurance. Prior to the provision of services under this Agreement, BLX agrees to purchase all required insurance at BLX' expense and to deposit with the County Certificates of Insurance, including all endorsements required herein, necessary to satisfy the County that the insurance provisions of this Agreement have been complied with and to keep such insurance coverage and the certificates therefore on deposit with the County during the entire term of this Agreement. In addition, all subcontractors performing work on behalf of BLX pursuant to this Agreement shall obtain insurance subject to the same terms and conditions as set forth herein for BLX.

All insurance policies required by this Agreement shall declare any deductible or self-insured retention (SIR) in an amount in excess of \$25,000 (\$5,000 for automobile liability), which shall specifically be approved by the County Executive Office (CEO)/Office of Risk Management. BLX shall be responsible for reimbursement of any deductible to the insurer. Any self-insured retentions (SIRs) or deductibles shall be clearly stated on the Certificate of Insurance.

If BLX fails to maintain insurance acceptable to the County for the full term of this Agreement, the County may terminate this Agreement.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer licensed to do business in the state of California (California Admitted Carrier) or have a minimum rating be A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com.**

If the insurance carrier is not a non-admitted carrier in the state of California and does not have

an A.M. Best rating of A-/VIII, the County CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by BLX shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 per occurrence
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence
Professional Liability Insurance	\$1,000,000 per claims made or per occurrence

Required Coverage Forms

The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 0012, CA 00 20, or a substitute form providing coverage at least as broad.

Required Endorsements

The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of insurance:

- 1) An Additional Insured endorsement using ISO form CG 2010 or CG 2033 or a form at least as broad naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.
- 2) A primary non-contributing endorsement evidencing that BLX's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

All insurance policies required by this contract shall waive all rights of subrogation against the County of Orange and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against the County of Orange, and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees.

All insurance policies required by this contract shall give the County of Orange 30 days notice in the event of cancellation and 10 days for non-payment of premium. This shall be evidenced by policy provisions or an endorsement separate from the Certificate of Insurance.

If BLX's Professional Liability policy is a "claims made" policy, BLX shall agree to maintain professional liability coverage for two years following completion of contract.

The Commercial General Liability policy shall contain a severability of interests clause also known as a "separation of insureds" clause (standard in the ISO CG 0001 policy).

Insurance certificates should be forwarded to Suzanne Luster, Public Finance Manager, County Executive Office, 333 W. Santa Ana Blvd., 3rd Floor, Santa Ana, CA 92701-4062.

If the BLX fails to provide the insurance certificates and endorsements within seven days of notification by the County Executive Office/Purchasing, the County Public Finance division, award may be made to the next qualified vendor.

County expressly retains the right to require BLX to increase or decrease insurance of any of the above insurance types throughout the term of this Contract. Any increase or decrease in insurance will be as deemed by County of Orange Risk Manager as appropriate to adequately protect County.

County shall notify BLX in writing of changes in the insurance requirements. If BLX does not deposit copies of acceptable certificates of insurance and endorsements with County incorporating such changes within thirty days of receipt of such notice, this Contract may be in breach without further notice to BLX, and County shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit BLX's liability hereunder nor to fulfill the indemnification provisions and requirements of this Contract, nor act in any way to reduce the policy coverage and limits available from the insurer.

Section 20. **Notices.** Any and all notices between the County and BLX provided for or permitted under this Agreement or by law shall be in writing and shall be deemed duly given when personally delivered to one of the parties or in lieu of such personal service, when deposited in the United States mail, postage prepaid, addressed to such party at the following address:

If to the County:

County of Orange
10 Civic Center Plaza, 3rd Floor
Santa Ana, CA 92701-4062
Attention: Public Finance Manager
Telephone: (714) 834-3362 Facsimile: (714) 834-3346

If to BLX:

BLX Group LLC
777 S. Figueroa Street, Suite 3200
Los Angeles, CA 90017
Telephone: (213) 612-2200 Facsimile: (213) 612-2499

Section 21. **Governing Law, Venue and Entire Agreement.** This Agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, withstanding Code of Civil Procedure section 394.

The parties specifically agree that by entering into and performing under this Agreement, BLX shall be deemed to be doing business within Orange County within the meaning of Code of Civil Procedure section 394 from this Agreement's effective date through the expiration of any applicable limitations period. Furthermore, the parties have specifically agreed, as part of the consideration given and received for entering into this Agreement, to waive any and all rights to request that an action be transferred for trial to another county under Code of Civil Procedure section 394.

This Agreement constitutes the entire agreement between the County and BLX with respect to the matters addressed herein and supersedes any previous agreement(s), negotiations, proposals or understanding, whether written or oral concerning such matter, unless expressly included in this Agreement.

Section 22. **Amendment or Modifications.** No amendment, modification or other alteration of this Agreement shall be valid unless in writing and signed by the parties hereto.

Section 23. **Severability.** In the event that any provision herein contained is held to be invalid, void, or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and such invalidity shall in no way affect, impair, or invalidate any other provision contained herein if there is no substantive effect to the services to be rendered to the County by such judicial finding of invalidity.

Section 24. **Counterparts.** This Agreement may be executed in any number of counterparts, each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

Section 25. **Agreement Not Exclusive.** Notwithstanding any other provision of this Agreement to the contrary, nothing in this Agreement shall entitle BLX to provide financial advisory services, or be compensated under this Agreement, with respect to any County financing, matter of County finance, debt policy, strategy or planning or other services, whether or not described herein, unless such services are subject to this Agreement and have been requested in writing in accordance with Section 2. The County retains the sole and exclusive right to select any financial advisor for any and all matters of County finance.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first written above.

COUNTY OF ORANGE, CALIFORNIA

Date: 9/10/14

By: Suzanne Luster
Public Finance Manager

Approved as to Form
Office of the County Counsel

By: Angelica C. Daflary
Angelica C. Daflary, Deputy County Counsel

Date: 07.02.14

BLX Group I.L.C.

By: Craig Underwood
Craig Underwood, President

Date: 7/13/14

By: Nancy Kummer
Nancy Kummer, Managing Director

ATTACHMENT I – FEE SCHEDULE

Bond Type		Fee 2014	Fee 2015	Fee 2016	Fee 2017	Fee 2018
Certificates of Participation and Revenue Bonds						
Redevelopment						
20,960,000	Santa Ana Heights Refunding (2014)	400	400	400	400	1,100
26,160,000	Neighborhood Development and Preservation Projects Refunding (2001)	400	400	400	400	1,100
Redevelopment Total		\$800	\$800	\$800	\$800	\$2,200
33,578,000	1991 COP (Civic Center Parking Refunding)	400	400	400	400	1,100
31,380,000	1991 COP (Loma Ridge Data Center)	400	400	400	400	1,100
34,380,000	Juvenile Justice Center Refunding (2012)	400	400	400	400	1,100
233,155,000	Airport Revenue Refunding Bonds, Series A&B (2009)	400	400	400	400	1,100
32,700,000	Lease Revenue Bonds, Series 2006 (Cogen Project)	400	400	400	400	1,100
COPs and Revenue Total		\$2,000	\$2,000	\$2,000	\$2,000	\$5,500
Recovery Financings						
419,755,000	Lease Revenue Refunding Bonds, Series 2005	\$400	\$400	\$400	\$400	\$1,100
146,005,000	Refunding Recovery Bonds, Series 2005A	0	0	0	0	0
Recovery Financings Total		\$400	\$400	\$400	\$400	\$1,100
Community Facility Districts						
10,975,000	86-2 Rancho Santa Margarita (1998 Refunding)	400	400	400	400	1,100
8,005,000	86-2 Rancho Santa Margarita (2001)	400	400	400	400	1,100
10,815,000	87-4 Foothill Ranch (1997A)	400	400	400	400	1,100
67,920,000	04-1 Ladera Ranch Series 2014 A&B	400	400	400	400	1,100
104,545,000	SOCPPFA 2014 Series A& B	400	400	400	400	1,100
239,340,000	South Orange County Public Financing Authority 1994 C (refunds 87-1, 87-3, 87-4, 87-5A-D & 87-8)	400	400	400	400	1,100
92,370,000	South Orange County Public Financing Authority (2004A)	400	400	400	400	1,100
84,015,000	South Orange County Public Financing Authority (2005A)	400	400	400	400	1,100
Community Facilities Districts Total		\$3,200	\$3,200	\$3,200	\$3,200	\$8,800

Bond Type		Fee 2014	Fee 2015	Fee 2016	Fee 2017	Fee 2018
Assessment Districts						
165,705,000	88-1 Irvine Coast (1988)	400	400	400	400	1,100
23,835,000	1999 Reassessment Bonds	400	400	400	400	1,100
10,785,000	2001 Reassessment Bonds	400	400	400	400	1,100
6,675,000	Newport Coast Phase IV AD 01-1 Series 2003B	400	400	400	400	1,100
18,670,000	Newport Coast Phase IV AD 01-1 Group One	400	400	400	400	1,100
11,650,000	Newport Coast Phase IV AD 01-1 Group Two	400	400	400	400	1,100
13,680,000	Newport Coast Phase IV AD 01-1 Group Three	400	400	400	400	1,100
5,340,000	Newport Coast Phase IV AD 01-1 Group Four	400	400	400	400	1,100
Assessment Districts Total		\$3,200	\$3,200	\$3,200	\$3,200	\$8,800
Multi-Family Bonds						
20,500,000	85CC (Lantern Pines)	400	400	400	400	1,100
17,000,000	89A (Park Place)	400	400	400	400	1,100
43,000,000	92B (Aliso Creek)	400	400	400	400	1,100
7,635,000	97A (Larkspur Canyon Apts)	400	400	400	400	1,100
50,600,000	98-I (Oasis Martinique)	400	400	400	400	1,100
7,300,000	98D (Heritage Villas)	400	400	400	400	1,100
13,990,000	98E (Villas Aliento)	400	400	400	400	1,100
30,000,000	98F (Villa La Paz)	400	400	400	400	1,100
13,200,000	98I (Park Ridge)	400	400	400	400	1,100
29,000,000	99B (Riverbend)	400	400	400	400	1,100
7,478,250	2001A (Vintage Shores)	400	400	400	400	1,100
25,200,000	2001B (Ladera Ranch Apts)	400	400	400	400	1,100
13,773,000	2001C (Talega Jamboree Apts)	400	400	400	400	1,100
4,600,000	2001D (Heritage Place)	400	400	400	400	1,100
16,000,000	2001E (Wood Canyon Villas)	400	400	400	400	1,100
8,000,000	2002A (Mendocino Apt Homes)	400	400	400	400	1,100
15,500,000	2003A (Montecito Vista Apt/ Culver I-5)	400	400	400	400	1,100
10,500,000	2004A (Woodbridge Manor Apts)	400	400	400	400	1,100
17,015,377	2007A (Granite Court Apts)	400	400	400	400	1,100
7,750,000	2010A (Emerald Cove Senior Apts)	400	400	400	400	1,100
17,600,000	2012A (San Clemente Senior Apts)	400	400	400	400	1,100

Bond Type		Fee 2014	Fee 2015	Fee 2016	Fee 2017	Fee 2018
Multi-Family Bonds (Continued)						
Multi-Family Total		\$8,400	\$8,400	\$8,400	\$8,400	\$23,100
Single-Family Bonds						
11,000,000	1990 COP (Florence Crittenton)*	\$1,500	0	0	0	0
Single-Family Total		\$1,500	0	0	0	0

SUMMARY OF ALL TOTALS:

Bond Type		Fee 2014	Fee 2015	Fee 2016	Fee 2017	Fee 2018
Redevelopment Total		\$800	\$800	\$800	\$800	\$2,200
COPs and Revenue Total		2,000	2,000	2,000	2,000	5,500
Recovery Financings Total		400	400	400	400	1,100
Community Facility Districts Total		3,200	3,200	3,200	3,200	8,800
Assessment Districts Total		3,200	3,200	3,200	3,200	8,800
Multi-Family Total		8,400	8,400	8,400	8,400	23,100
Single-Family Total		1,500	0	0	0	0
Grand Totals		\$19,500	\$18,000	\$18,000	\$18,000	\$49,500

**Amendment No. 1 to Agreement No. 14-001AR
Between BLX Group LLC and the County of Orange
for Arbitrage Rebate Services**

This Amendment No. 1 (hereinafter "Amendment") to Agreement No. 14-001AR ("Original Agreement") is made and entered into upon execution of all necessary signatures between BLX Group LLC with a place of business at 777 S. Figueroa Street, Suite 3200, Los Angeles, CA 90017 (hereinafter referred to as "BLX") and the County of Orange, a political subdivision of the State of California, (hereinafter referred to as "County"), which are sometimes individually referred to as ("Party"), or collectively referred to as ("Parties").

RECITALS

WHEREAS, the County entered into Agreement No. 14-001AR with BLX for arbitrage rebate services effective September 10, 2014 through July 31, 2019; and

WHEREAS, the Parties have subsequently discovered errors in the fee schedule of the Original Agreement; and

WHEREAS, the Parties desire to amend the Original Agreement to (1) add an additional task to the list of General Services as provided for in Section 1(I) of the Original Agreement, (2) clarify the definition of Special Services under Section 1(II) of the Original Agreement, (3) provide for the proper fee schedule agreed to between the Parties, and (4) increase and clarify compensation under Section 3(B) of the Original Agreement.

NOW, THEREFORE, the Parties mutually agree:

1. **General Services.** The Parties agree to add the following task to the list of General Services provided in Section 1(I) of the Original Agreement:

H. Filing and managing an arbitrage refund claim.

2. **Special Services.** Section 1(II) of the Original Agreement relating to Special Services shall be deleted in its entirety and replaced with the following:

From time to time, the County may request that BLX provide Special Services. Special Services are defined as services not delineated in Section 1(I) and include, but not be limited to, work related to litigation, special studies, or other necessary services. Special Services shall be requested and ordered in writing by the Contract Administrator. Compensation for such requests for Special Services shall be paid by the County as identified in the Fee Schedule in Attachment A.

3. **Attachment I – Fee Schedule.** Attachment I to the Original Agreement is deleted in its entirety and replaced with Attachment A to this Amendment, which is incorporated hereto by this reference.

4. **Compensation of BLX.** Section 3(B) of the Original Agreement relating to Compensation shall be deleted in its entirety and replaced with the following:

In no event shall compensation payable under the Original Agreement exceed \$72,000 per Agreement Year for services identified in Section I and Section II. For purposes of Original Agreement, "Agreement Year" is defined as the period of August 1 through July 31, beginning on the effective date hereof and each year thereafter during the term of the Original Agreement.

5. The remaining provisions of the Original Agreement shall remain the same and in full effect and force.

Signature Page

In WITNESS WHEREOF, the parties hereto have executed this Amendment on the dates shown opposite their respective signatures below:

County of Orange, a political subdivision of the State of California

Date: 7/16/2015

By: 

Susana Ortiz, County Executive Office
Deputy Purchasing Agent

BLX Group, LLC

Date: 7/16/15

By: 

Craig Underwood, President

Date: 7/16/15

By: 

Nancy Kummer, Managing Director

Attachment A – Revised Fee Schedule

General Services:

Arbitrage Rebate Reports

Reports to include Community Facilities Districts, Assessment Districts, Certificates of Participation, Revenue Bonds, Redevelopment Successor Agency Bonds, Multifamily, and any other current or future financings that are required to have arbitrage rebate calculations.

Interim Report	\$400 per report
Five Year Report	\$1,100 per report
Final Computation	\$1,100 per report
Penalty in lieu of rebate calculation	\$400 per report

File and manage an arbitrage refund claim per bond issuance

Payment upon receipt of filing an IRS Form 8038-R along with Power of Attorney Form	\$4,000 flat fee
Payment upon recovery	\$3,500 flat fee

Special Services:

Special Services are based upon the below Hourly Fee Rate:

Managing Director	\$250/hour
Associate Director	\$200/hour

action or refrain from taking any action that would cause either any Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the Successor Agency takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; and

(6) Miscellaneous. The Successor Agency will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Successor Agency in connection with each issuance of Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Covenant 10. Compliance with Dissolution Act. The Successor Agency covenants that in addition to complying with the requirements of Covenant 3, it will comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, as well as any amount required under this Indenture to replenish the Reserve Accounts of the Debt Service Funds, in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under this Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under this Indenture for the next payment due thereunder and hereunder in the following six-month period.

Covenant 11. Limitation on Indebtedness. The Successor Agency covenants and agrees that it has not and will not incur any loans, obligations or indebtedness repayable from Pledged Tax Revenues such that the total aggregate debt service on said loans, obligations or indebtedness incurred from and after the date of adoption of the Redevelopment Plan, when added to the total aggregate debt service on the Bonds, will exceed the maximum amount of Pledged Tax Revenues to be divided and allocated to the Successor Agency pursuant to the Redevelopment Plan.

Covenant 12. Further Assurances. The Successor Agency covenants and agrees to adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

Covenant 13. Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any

participating underwriter, holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

ARTICLE VI

THE TRUSTEE

Section 6.1 Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Successor Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Successor Agency has knowledge that the Trustee has ceased to be eligible in accordance with subsection (e) of this Section, or has become incapable of acting, or has been adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property has been appointed, or any public officer shall have taken control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving prior written notice of such resignation to the Successor Agency, and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Successor

Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail, with a copy to the Successor Trustee, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency. Notwithstanding any other provisions of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed.

(e) Every successor Trustee appointed under the provisions of this Indenture shall be a trust company or bank in good standing authorized to exercise trust powers or having the powers of a trust company and duly authorized to exercise trust powers within the State having a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(f) The Trustee shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

(g) Before taking any action under Article VIII or this Section 6.1 at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or its willful misconduct in connection with any action so taken.

Section 6.2 Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 6.1, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.3 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof at its Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to Section 5.1 and may rely conclusively on the certificates accompanying such financial statements to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Pledged Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(f) No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder.

(g) The Trustee may execute any of the trust or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(h) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

Section 6.4 Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, in the absence of negligence or willful misconduct by the Trustee. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, with regard to legal questions, and, in the absence of negligence or willful misconduct by the Trustee, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate of report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

Section 6.5 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times during regular business hours upon reasonable notice to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 6.6 Compensation and Indemnification. The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Indenture. Upon the occurrence of an Event of Default, the Trustee shall have a first lien on the Pledged Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII hereof.

The Successor Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses and those of its attorneys and advisors of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Successor Agency under this section shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.7 Investment of Moneys in Funds and Accounts. Subject to the provisions of Article V hereof, all moneys held by the Trustee in the Debt Service Fund, Costs of Issuance Fund or the Rebate Fund, shall, at the written direction of the Successor Agency, be invested only in Permitted Investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any Fund or Account, the Trustee shall request such written direction from the Successor Agency and, pending receipt of instructions, shall invest such moneys solely in Permitted Investments described in subsection (b)(5) of the definition thereof.

(a) Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency only in obligations permitted by the Law which will by their terms mature not later than the date the Successor Agency estimates the moneys represented by the particular investment will be needed for withdrawal from the Redevelopment Obligation Retirement Fund.

(b) Moneys in the Interest Account and the Principal Account of the Debt Service Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest and principal payment date, there will be in such account, from matured obligations and other moneys already in such account, cash equal to the interest and principal payable on such payment date.

(c) Moneys in the Reserve Account shall be invested in (i) obligations which will by their terms mature on or before the date of the final maturity of the Bonds or five (5) years from the date of investment, whichever is earlier including for this purpose investments described in part (b)(v), (viii) or (ix) of the Certificate thereof or (ii) an investment agreement which permits withdrawals or deposits without penalty at such time as such moneys will be needed or in order to replenish the Reserve Account.

(d) Moneys in the Rebate Fund shall be invested in Defeasance Securities which mature on or before the date such amounts are required to be paid to the United States.

Obligations purchased as an investment of moneys in any of the Funds or Accounts shall be deemed at all times to be a part of such respective Fund or Account and the interest accruing thereon and any gain realized from an investment shall be credited to such Fund or Account and any loss resulting from any authorized investment shall be charged to such Fund or Account without liability to the Trustee. The Successor Agency or the Trustee, as the case may be, shall sell or present for redemption any obligation purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by this Indenture and shall incur no liability for any loss realized upon such a sale. All interest earnings received on any monies invested in the Interest Account, Principal Account or Reserve Account, to the extent they exceed the amount required to be in such Account, shall be transferred on each Interest Payment Date to the Debt Service Fund. All interest earnings on monies invested in the Rebate Fund shall be

retained in such Fund and applied as set forth in Section 4.4. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 6.7. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.7 hereof. The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

The value of Permitted Investments shall be determined as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (iv) as to any investment not specified above: the value thereof established by prior agreement between the Successor Agency and the Trustee. If more than one provision of this definition of "value" shall apply at any time to any particular investment, the value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment; provided, notwithstanding the foregoing, in making any valuations hereunder, the Trustee may utilize and conclusively rely upon such pricing services as may be regularly available to it, including, without limitation, those within its regular accounting system.

Section 6.8 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts held by it established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency at reasonable hours and under reasonable circumstances with reasonable prior notice. The Trustee shall furnish to the Successor Agency, at least quarterly, an accounting of all transactions made by the Trustee in the form of its regular account statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

Section 6.9 Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee or Successor Agency appoint an additional individual or

institution as a separate co-trustee. The following provisions of this Section 6.9 are adopted to these ends.

In the event that the Trustee or Successor Agency appoint an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee to exercise such powers, rights and remedies, and every covenant an obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Successor Agency be required by the separate trustee or co-trustee so appointed by the Trustee or Successor Agency for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

In addition to the appointment of a co-trustee hereunder, the Trustee may, at the expense and with the prior written consent of the Successor Agency, appoint any agent of the Trustee in St. Paul, Minnesota, for the purpose of administering the transfers or exchanges of Bonds or for the performance of any other responsibilities of the Trustee hereunder.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.1 Amendment Without Consent of Owners. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Owners, to the extent permitted by law and any for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Successor Agency in this Indenture contained, other covenants and agreements thereafter to be observed or to limit or surrender any rights or power herein reserved to or conferred upon the Successor Agency; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Bonds pursuant to Section 3.4, and to provide the terms and conditions under which such Parity Bonds may be issued, including but not limited to the establishment of Redevelopment Obligation Retirement Funds and accounts relating

thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.4; or

(d) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on any of the Bonds, in the opinion of nationally-recognized bond counsel.

Section 7.2 Amendment With Consent of Owners. Except as set forth in Section 7.1, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums, if any, at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Section 7.3 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.4 Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency, the Owners of such Bonds shall present such Bonds for that purpose at the Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and, in that case upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Trust Office of the Trustee, without cost to such Owners.

Section 7.5 Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Section 7.6 Opinion of Counsel. The Trustee shall be provided an opinion of counsel that any such Amendment or Supplemental Indenture entered into by the Successor Agency and the Trustee complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.1 Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

(a) if default shall be made in the due and punctual payment of the principal of or interest or redemption premium, if any, on any Bond or Parity Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements (including default by the obligor on any underlying agreement) or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of 30 days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default; or

(c) if the Successor Agency shall commence a voluntary action under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default has occurred and is continuing, the Trustee may, or if requested in writing by the Owners of the majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall, by written notice to the Successor Agency, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, and (b) upon receipt of indemnity to its satisfaction exercise any other remedies available to the Trustee and the Owners in law or at equity.

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Successor Agency, and the Owners in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid interest on the Bonds is actually paid on such date.)

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest, if any, upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the net effective rate then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, including but not limited to attorneys fees, and any and all other defaults known to the Trustee (other than in the

payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Upon the occurrence of an event of default, the Trustee may, with the consent of a majority of the Holders, by written notice to the Successor Agency, declare the principal of the Bonds and Parity Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding.

Section 8.2 Application of Funds Upon Acceleration. All of the Pledged Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.1, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the order following, upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys and counsel including all sums owed the Trustee pursuant to Section 6.6 herein; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds and Parity Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds and Parity Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds and Parity Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest or any Bond or Parity Bonds over any other Bond or Parity Bonds.

Section 8.3 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a

majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.4 Limitation on Owner's Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding, including a writ of mandamus in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provisions of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.5 Non-waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium, if any, on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Dissolution Act or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners, the Successor Agency and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.6 Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Bonds, as applicable, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, provided the Trustee shall have no duty or obligation to enforce any such right or remedy if it has not been indemnified to its satisfaction from loss, liability or any expense including, but not limited to reasonable fees and expenses of its attorneys.

Section 8.7 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Benefits Limited to Parties. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Successor Agency, the Trustee, and the registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Successor Agency, the Trustee, and the registered Owners of the Bonds.

Section 9.2 Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.3 Discharge of Indenture. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium, if any, on all Outstanding Bonds, including all principal, interest and redemption premiums, if any, or;

(ii) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all Outstanding Bonds, including all principal, interest and redemption premiums, if any, or,

(iii) by irrevocably depositing with the Trustee, in trust, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums, if any) at or before maturity and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture with respect to all Outstanding Bonds shall cease and terminate, except only (a) the obligation of the Trustee to transfer and exchange Bonds hereunder and (b) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency. To accomplish defeasance, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement, (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be addressed to the Successor Agency and the Trustee.

Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Section 9.4 Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be provided by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee in good faith and in accordance therewith.

Section 9.5 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor

Agency or the County (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

Section 9.6 Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.7 Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds and upon written request of the Successor Agency, provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.8 Notices. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, or sent by telegram or facsimile, addressed as follows:

If to the Successor Agency: Successor Agency to the Orange County Development Agency
333 W. Santa Ana Boulevard
Santa Ana, CA 92701
Attention: Public Finance Manager

If to the Trustee: U.S. Bank National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Ref. Successor Agency to the Orange County Development Agency
(Santa Ana Heights Project Area) Tax Allocation Refunding Bonds,
Issue of 2014

Section 9.9 Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency hereby declares that it would have adopted this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.1 hereof, be assumed by and vest in the Finance Officer of the Successor Agency in trust for the benefit of the Owners that the Finance Officer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform

all of the duties of the Trustee hereunder, in trust for the benefit of the Bondowners, pending appointment of a successor Trustee in accordance with the provisions of Section 6.1 hereof.

Section 9.10 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium, if any, on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium, if any, and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium, if any, on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium, if any, on such Bonds.

Section 9.11 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.12 Governing Law. This Indenture shall be construed and governed in accordance with the Laws of the State.

Section 9.13 Payments Due on Other Than a Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Indenture.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY, has caused this Indenture to be signed in its name by its Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency and attested by its Clerk, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer hereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY

By: Suzanne Luster
Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency

ATTEST:

By: [Signature]
Clerk

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY, has caused this Indenture to be signed in its name by its Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency and attested by its Clerk, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer hereunto duly authorized, all as of the day and year first above written.

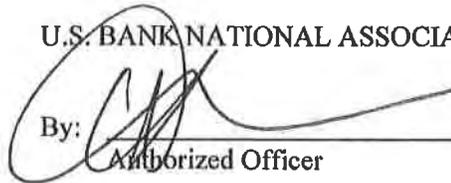
SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY

By: _____
Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency

ATTEST:

By: _____
Clerk

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:  _____
Authorized Officer

the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date next preceding such interest payment date; provided, however, that upon the written request of any Registered Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner.

Capitalized terms used herein and not defined shall have the meaning given them in the Indenture (as defined below).

This Bond is one of a duly authorized issue of Bonds of the Successor Agency designated as "Successor Agency to the Orange County Development Agency (Santa Ana Heights Project Area) Tax Allocation Refunding Bonds, Issue of 2014" (the "Bonds"), in an aggregate principal amount of Twenty Million Nine Hundred Sixty Thousand Dollars (\$20,960,000), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates or redemption and other provisions) and all issued pursuant to the provisions of the Refunding Law, being Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), and pursuant to a resolution of the Successor Agency adopted October 22, 2013, and a resolution adopted by the Oversight Board on October 24, 2013, and an Indenture of Trust dated as of January, 1, 2014, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Additional bonds, notes or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency to refund the Prior Agency's previously issued \$38,465,000 aggregate initial principal amount Tax Allocation Refunding Bonds (Santa Ana Heights Project Area), Series 2003 (the "2003 Bonds").

The Bonds are special obligations of the Successor Agency and are payable from, and are secured by a pledge of and lien on the Pledged Tax Revenues derived by the Successor Agency from the Project Area, on a parity with any Parity Bonds which may be issued pursuant to the Indenture.

There has been created and will be maintained by the Successor Agency the Redevelopment Obligation Retirement Fund into which Pledged Tax Revenues shall be deposited and transferred to the Trustee for deposit into the Debt Service Fund from which the Trustee shall pay the principal of and the interest and redemption premium, if any, on the Bonds when due. As and to the extent set forth in the Indenture, all such Pledged Tax Revenues are exclusively and irrevocably pledged to and constitute a trust fund for, in accordance with the terms hereof and the provisions of the Indenture and the Law, the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds, any additional bonds, notes or other obligations, authorized by the Indenture to be issued on a parity therewith. In addition, the Bonds (and, if the indenture authorizing any loans, advances or indebtedness issued on a parity with the Bonds shall so provide, any such loan, advance or indebtedness) shall be additionally secured at

all times by a first and exclusive pledge of and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account and the Reserve Account. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

The Bonds are not subject to redemption prior to maturity.

If an Event of Default shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 each and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his or her attorney duly authorized in writing, at the corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Successor Agency and the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums, if any, at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the registered owner of such Bond, reduce the percentage of Bonds required for the written consent to any such amendment or modification or, without its written consent thereto, modify any of the rights or obligations of the Trustee.

This Bond is not a debt of the County of Orange, the State of California, or any of its political subdivisions (except the Successor Agency), and none of said County, said State, nor any of its political subdivisions (except the Successor Agency) is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Successor Agency as set forth in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness

of the Successor Agency, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Successor Agency to the Orange County Development Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of the Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency and the Clerk, all as of the Dated Date.

SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY

By: _____
Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency

Clerk

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture.

Date: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Clerk of the Successor Agency to the Orange County
Development Agency

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) _____
_____ attorney, to transfer the same on the
bond register of the Trustee with full power of substitution in the premises.

Dated: _____

Note: The signature(s) on this Assignment must
correspond with the name(s) as written on the face of
the within Bond in every particular without alteration
or enlargement or any change whatsoever.

Signature Guaranteed:

Note: Signature(s) must be guaranteed by
an "eligible guarantor institution."

RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA

October 22, 2013

RESOLUTION OF THE SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS, AND APPROVING THE FORM OF AN INDENTURE OF TRUST, PRELIMINARY OFFICIAL STATEMENT, BOND PURCHASE CONTRACT, CONTINUING DISCLOSURE AGREEMENT, 2003 BONDS ESCROW AGREEMENT AND RELATED DOCUMENTS AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Orange County Development Agency (the "Prior Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the "Law"), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for a redevelopment project known and designated as the "Santa Ana Heights Project Area" has been adopted and by Ordinance No. 3595 of the County of Orange on July 15, 1986 as subsequently amended from time to time, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Prior Agency has previously issued \$38,465,000 aggregate principal amount of Orange County Development Agency Tax Allocation Refunding Bonds (Santa Ana Heights Project Area), Series 2003 (the "2003 Bonds"); and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-In Bill"); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-In Bill resulting in the Prior Agency being dissolved as of February 1, 2012; and

WHEREAS, pursuant to the provisions of the Dissolution Act the powers, assets and obligations of the Orange County Development Agency were transferred on February 1, 2012 to the Successor Agency to the Prior Agency (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency to refund outstanding bonds issued by the Prior Agency for the purpose of reducing debt service, provided the provisions of California Health and Safety Code Section 34177.5(a)(1) are met (the "Savings Test"); and

WHEREAS, the Successor Agency wishes at this time, at the direction of the Oversight Board created by the Dissolution Act, to issue bonds in the aggregate principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000) designated as the Successor Agency to the Orange County Development Agency, Santa Ana Heights Refunding Bonds, Issue of 2013 (the "2013 Bonds"), secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a), and/or Section 34177.5(g), all pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law");

WHEREAS, the Successor Agency wishes at this time to approve all matters relating to the issuance and sale of the 2013 Bonds;

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. Provided the Savings Test is met and subject to the provisions of the Indenture referred to in Section 2 hereof, the issuance of the 2013 Bonds in the aggregate principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000) on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The 2013 Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture, as the same will be completed as provided in this Resolution. The proceeds of the sale of the 2013 Bonds shall be applied as provided in the Indenture.

The Successor Agency hereby finds and determines that the issuance of the 2013 Bonds will not impair the ability of the Successor Agency to make the transfers required of the Successor Agency pursuant to Health and Safety Code Section 33670.9 in that the issuance of the 2013 Bonds and the refunding and redemption of the 2003 Bonds as contemplated by this Resolution results in a reduction in total annual debt service payments due from the Successor Agency in each year in which the 2013 Bonds will be outstanding. The Successor Agency further finds and determines that its obligation to make the transfers required by Health and Safety Code Section 33670.9 is not secured by a prior express pledge of tax increment revenue and that the 2013 Bonds will be secured by a first lien pledge of Tax Revenues (as defined in the Indenture).

The Successor Agency hereby further finds and determines, based on all evidence and testimony contained in the record, that the Successor Agency has made diligent efforts to ensure that the lowest long-term cost financing will be obtained for the 2013 Bonds, that the financing shall not provide for any bullets or spikes and shall not use variable rates, and that the Successor Agency has retained an independent financial advisor (the "Financial Advisor") in developing financing proposals and the Successor Agency shall make the work products of the Financial Advisor available to the California Department of Finance at its request.

Section 2. The Indenture of Trust in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein (the "Indenture"), is hereby approved. The Chair and the Clerk of the Successor Agency, or the Public Finance Manager or Chief Financial Officer of the County of Orange California, acting in his/her capacity as designee of the Successor Agency to the Orange County Development Agency (each, an "Authorized Officer") are hereby authorized and directed to execute and deliver the Indenture in the form presented at this meeting with such changes insertions and omissions as may be requested by Bond Counsel and approved by an Authorized Officer, (including any such changes to conform the documents to the provisions of AB 1484, including those related to permissible pledges of property tax revenues comprising former tax increment revenues or to respond to underwriter or rating agency requirements), said execution by an Authorized Officer being conclusive evidence of such approval. Specifically and without limiting the foregoing, any Authorized Officer is authorized and directed to solicit and accept bids for bond insurance for the Bonds, provided s/he determines acceptance of the best bid will result in further debt service savings, and appropriate changes to each of the documents referenced herein to evidence such bond insurance and the terms thereof, are hereby authorized and approved.

Section 3. The Bond Purchase Contract between the Successor Agency and De La Rosa & Co. (the "Underwriter"), in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any Authorized Officer of the Successor Agency is hereby authorized and directed to execute the Bond Purchase Contract in the form presented at this meeting with such changes, insertions and omissions as may be approved by the such Authorized Officer, said execution being conclusive evidence of such approval; provided, however, that the Bond Purchase Contract shall be signed only if the terms of the agreement are such that (i) the existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, (ii) the principal amount of the 2013 Bonds will not exceed the amount required to finance the refunding of the 2003 Bonds, including establishing a customary debt service reserve fund and paying related costs of issuance, (iii) the net present value savings amount generated from the issuance of the 2013 Bonds, expressed as a percentage of the aggregate principal amount being refunded, will be at least 3.00%.

Section 4. The Preliminary Official Statement relating to the 2013 Bonds (the "Preliminary Official Statement"), in the form presented and on file with the Clerk, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as the Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934 ("Rule 15c2-12"). The Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the 2013 Bonds in substantially the form hereby approved, together with such additions thereto and changes therein as are determined necessary by the Authorized Officer to make the Preliminary Official Statement final as of its date for purposes of Rule 15c2-12, including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading.

Section 5. The preparation and delivery of an Official Statement, and its use by the Successor Agency and the Underwriter, in connection with the offering and sale of the 2013 Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be requested by Bond Counsel or the Underwriter and approved by any Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Any Authorized Officer is hereby authorized and directed to execute the final Official Statement and any amendment or supplement

thereto, in the name of and on behalf of the Successor Agency, and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter.

Section 6. The Continuing Disclosure Agreement in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. The Authorized Officer and the Clerk of the Successor Agency are hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement in the form presented at this meeting with such changes insertions and omissions as may be requested by Bond Counsel and approved by the Chair, said execution being conclusive evidence of such approval.

Section 7. The 2003 Bonds Escrow Agreement, both in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any Authorized Officer is hereby authorized and directed to execute and deliver the 2003 Bonds Escrow Agreement in the form presented at this meeting with such changes insertions and omissions as may be requested by Bond Counsel and approved by the Authorized Officer, said execution being conclusive evidence of such approval.

Section 8. The Chair of the Successor Agency, the Clerk of the Successor Agency, the Authorized Officers and any other proper officer of the Successor Agency, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments, relating to the 2013 Bonds and the refunding of the 2003 Bonds, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Bond Purchase Contract, the Official Statement, the Continuing Disclosure Agreement, the 2003 Bonds Escrow Agreement, this Resolution and any such agreements.

Section 9. U.S. Bank National Association is hereby appointed as Trustee and Dissemination Agent, Stradling Yocca Carlson & Rauth, a Professional Corporation is hereby appointed as Bond Counsel and Disclosure Counsel.

Section 10. This Resolution shall take effect immediately upon its adoption.

The foregoing was passed and adopted by the following vote of the Orange County Board of Supervisors, Acting as the Successor Agency to the Orange County Development Agency, on October 22, 2013, to wit:

AYES: Supervisors: JOHN M.W. MOORLACH, JANET NGUYEN, TODD SPITZER
PATRICIA BATES, SHAWN NELSON
NOES: Supervisor(s):
EXCUSED: Supervisor(s):
ABSTAINED: Supervisor(s):



CHAIRMAN

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, SUSAN NOVAK, Clerk of the Board of Orange County, California, hereby certify that a copy of this document has been delivered to the Chairman of the Board and that the above and foregoing Resolution was duly and regularly adopted by the Orange County Board of Supervisors, Acting as the Successor Agency to the Orange County Development Agency.

IN WITNESS WHEREOF, I have hereto set my hand and seal.





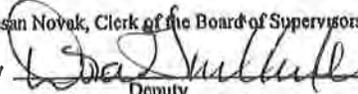
SUSAN NOVAK
Clerk of the Board
County of Orange, State of California

Resolution No: 13-107
Agenda Date: 10/22/2013
Item No: 33



I certify that the foregoing is a true and correct copy of the Resolution adopted by the Board of Supervisors, Acting as the Successor to the Orange County Development Agency, Orange County, State of California

Susan Novak, Clerk of the Board of Supervisors

By 
Deputy

Orange Countywide Oversight Board

Date: January 22, 2019 Agenda Item No. 5B

From: Successor Agency to the Costa Mesa Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (“ROPS”) 19-20 and Administrative Budget for Fiscal Year 2019-20

Recommended Action:

Adopt Orange Countywide Oversight Board resolution (Attachment 1) approving the ROPS 19-20 (Attachment 2) and Fiscal Year 2019-20 Administrative Budget (Attachment 3) for the Successor Agency to the Costa Mesa Redevelopment Agency

Discussion

The Successor Agency to the Costa Mesa Redevelopment Agency (“Successor Agency”) requests approval of its Recognized Obligation Payment Schedule 19-20 A-B for the annual fiscal period of July 1, 2019 to June 30, 2020 (“ROPS 19-20 A-B”) and approval of the Administrative Budget for Fiscal Year 2019-20, subject to submittal to and review by the State of California, Department of Finance (“DOF”).

Under the Dissolution Law, Division 24, Parts 1.8 and 1.85 of the California Health and Safety Code (“Dissolution Law”), in particular Section 34171(h), each ROPS is "the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each fiscal year as provided in subdivision (o) of Section 34177." Under the mandatory dates in the Dissolution Law, the Successor Agency must submit a copy of ROPS 19-20 A-B, after approval from the Orange Countywide Oversight Board (“Oversight Board”), and transmittal to the County Administrative Officer (“CAO”), County Auditor Controller (“CAC”), State Controller’s Office (“SCO”), and DOF by February 1, 2019.

ROPS 19-20 A-B contains many of the same enforceable obligations listed on the ROPS 18-19 A-B. There are no new line items on the ROPS 19-20 A-B; the primary funding is for:

Line Item 6. *Promissory Note Payable City/Former Agency Loan.* Under HSC 34191.4 the reinstated loan is a DOF-approved enforceable obligation for which RPTTF funds have been approved and remitted each year since reinstatement in 2014. The Successor Agency is requesting \$1,326,021 under this line item.

Line Item 37. *Administrative Costs.* The Administrative Budget consists of personnel and professional services costs necessary to fulfill the Successor Agency’s administrative requirements. The administrative cost allowance is limited to the greater of \$250,000 per year, or three percent (3%) of the Redevelopment Property Tax Trust Fund (“RPTTF”) distributed in the prior fiscal year, excluding the administrative allowance and any City/Former Agency loan repayments. However, under Section 34171(b)(4) the administrative allowance cannot exceed 50

percent (50%) of RPTTF distributed in the prior fiscal year, excluding the administrative allowance and any City/Former Agency loan repayments on the reinstated loan(s). The Successor Agency is requesting \$29,974 under this line item.

The Successor Agency adopted a resolution (Attachment 4) approving the ROPS 19-20 A-B and Fiscal Year 2019-20 Administrative Budget at its meeting on January 15, 2019. After review and action by this Oversight Board, if approved, then Successor Agency staff will transmit ROPS 19-20 A-B to the DOF, with copies to the CAO, CAC, and SCO. Upon receipt of an oversight board-approved ROPS, DOF has 45 days to make its determination of the enforceable obligations, including amounts and funding sources. Within five business days of DOF's determination, the Successor Agency may request additional review and an opportunity to meet and confer on disputed items. DOF has until 15 days prior to the date for property tax distribution to make its final decision after the meet and confer. The RPTTF distribution dates for the ROPS 19-20A period and 19-20B period are on or about June 1, 2019 and January 2, 2020, respectively.

Impact on Taxing Entities

If approved, the Successor Agency's proposed ROPS 19-20 A-B will reduce the RPTTF distribution to all other taxing entities by \$1,341,008 in the 19-20 A period and by \$14,987 in the 19-20 B period.

Attachments

1. Orange Countywide Oversight Board Resolution Approving the ROPS 19-20
2. Exhibit A: Recognized Obligation Payment Schedule 19-20 A-B
3. Exhibit B: Fiscal Year 2019-20 Administrative Budget
4. Successor Agency Resolution Approving ROPS 19-20 A-B

Resolution No. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B FOR THE ANNUAL FISCAL PERIOD OF JULY 1, 2019 TO JUNE 30, 2020, INCLUDING THE FY 2019-20 ADMINISTRATIVE BUDGET INCLUDED THEREWITH, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE DOF UNDER THE CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85; AUTHORIZE POSTING AND TRANSMITTAL THEREOF; AND AUTHORIZE THE FINANCE DIRECTOR OR HER AUTHORIZED DESIGNEE, IN CONSULTATION WITH LEGAL COUNSEL, TO REQUEST AND COMPLETE MEET AND CONFER SESSION(S), IF ANY, WITH THE DOF AND MAKE AUGMENTATIONS, MODIFICATIONS, ADDITIONS OR REVISIONS AS MAY BE NECESSARY OR DIRECTED BY DOF.

WHEREAS, the former Costa Mesa Redevelopment Agency (“Agency”) was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* (“CRL”), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Costa Mesa (“City”); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and other subsequent legislation (together, the “Dissolution Law”); and

WHEREAS, as of February 1, 2012 the former Agency was dissolved under the Dissolution Law, and as a separate public entity, corporate and politic the Successor Agency to the Costa Mesa Redevelopment Agency (“Successor Agency”) administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency’s affairs, all subject to the review and approval by a seven-member oversight board; and

WHEREAS, pursuant to Section 34179(j) of the Dissolution Law, in every California county there shall be only one oversight board that is staffed by the county’s auditor-controller; and

WHEREAS, as of and after July 1, 2018, the Orange Countywide Oversight Board (“Oversight Board”) has jurisdiction over the Successor Agency and all other successor agencies in Orange County; and

WHEREAS, every oversight board, both the prior local oversight board and this newly established Oversight Board, have fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of the Dissolution Law; and

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each ROPS is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State Department of Finance (“DOF”); and

WHEREAS, Section 34177(o) of the Dissolution Law requires that the annual ROPS for the 19-20 A-B fiscal period of July 1, 2019 to June 30, 2020 (“ROPS 19-20 A-B”) shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2019; and

WHEREAS, the ROPS 19-20, in the form required by DOF, is attached as Exhibit A and the Fiscal Year (“FY”) 2019-20 Administrative Budget is attached as Exhibit B, and both attachments are fully incorporated by this reference; and

WHEREAS, the Oversight Board held a regular meeting on January 22, 2019, which agenda items includes this Successor Agency’s ROPS 19-20; and

WHEREAS, the Oversight Board has reviewed and considered the Successor Agency’s ROPS 19-20 A-B and desires to approve it and authorize and direct the Successor Agency staff to transmit the ROPS 19-20 A-B to the DOF, with copies to the County Executive Officer (“CEO”), County Auditor-Controller (“CAC”), and the State Controller’s Office (“SCO”) as required under the Dissolution Law;

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The Oversight Board hereby approves ROPS 19-20 A-B submitted therewith and incorporated by this reference, including the FY 2019-20 Administrative Budget included herewith.

Section 3. The Oversight Board authorizes transmittal of the ROPS 19-20 A-B to the DOF, with copies to the CEO, the CAC, and the SCO.

Section 4. The City of Costa Mesa’s Finance Director or her authorized designee is directed to post this Resolution, including the ROPS 19-20 A-B, on the City/Successor Agency website pursuant to the Dissolution Law.

Section 5. Under Section 34179(h), written notice and information about certain actions taken by the Orange Countywide Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF’s choosing. The Orange Countywide Oversight Board’s action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

Section 6. The Clerk of the Board shall certify to the adoption of this Resolution.

ATTACHMENT 2

EXHIBIT A

**SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B**

(attached)

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Costa Mesa
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 1,341,008	\$ 14,987	\$ 1,355,995
F RPTTF	1,326,021	-	1,326,021
G Administrative RPTTF	14,987	14,987	29,974
H Current Period Enforceable Obligations (A+E):	\$ 1,341,008	\$ 14,987	\$ 1,355,995

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

Costa Mesa 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	19-20A (July - December)					Q	19-20B (January - June)					W	
											Fund Sources						Fund Sources						
											L	M	N	O	P		R	S	T	U	V		
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total	
4	Contract for consulting services	Fees	3/1/2011	12/31/2018	Harrell & Company Advisor	Prep Continuing Disclosure Report-	Downtown	\$ 7,671,069	N	\$ 1,355,995	\$ 0	\$ 0	\$ 0	\$ 1,326,021	\$ 14,987	\$ 1,341,008	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,987	\$ 14,987	
6	Promissory Note Payable	City/County Loan (Prior 06/28/11), Cash exchange	9/30/1971	6/30/2024	City of Costa Mesa	Original Loan to establish RDA	Downtown	7,641,095	N	\$ 1,326,021				1,326,021		\$ 1,326,021							\$ -
37	Administrative Cost	Admin Costs	1/1/2012	6/30/2024	Not provided	Not provided	Downtown	29,974	N	\$ 29,974					14,987	\$ 14,987						14,987	\$ 14,987
52	Litigation Against DOF & County of Orange Auditor Controller	Litigation	7/1/2013	6/30/2018	Enterprise Counsel Group	Litigation against DOF & County of Orange Auditor Controller denying the RDA loan and action denying certain prior payments.	Downtown		N	\$ -						\$ -							\$ -
53	Housing Authority Admin Cost Allowance	Housing Entity Admin Cost	7/1/2015	10/1/2017	Costa Mesa Housing Authority	Costa Mesa Housing Authority Admin Cost Allowance	Downtown		N	\$ -						\$ -							\$ -
54									N	\$ -						\$ -							\$ -
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Costa Mesa Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	704,404		0	606	1,671	Prior ROPS RPTTF: \$621- 15-16A ROPS excess cash \$1,050- 15-16B ROPS excess cash
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	586			27	1,733,033	AB 1484 requires 20% (\$162,275) of any loan repayment to be deducted from loan repayment amount (\$696,062) and transferred to LMI-Housing Assets Fund per HSC 34191.4 (s)(2)(c).
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	696,768			115	1,731,983	Total expenditures Successor Agency incurred in FY16-17 was \$2,428,866
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)						
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					
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 8,222	\$ 0	\$ 0	\$ 518	\$ 2,721	\$621- 15-16A ROPS excess cash \$1,050- 15-16B ROPS excess cash \$1,050- 16-17 ROPS excess cash

ATTACHMENT 3

EXHIBIT B

**SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
FISCAL YEAR 2019-20 ADMINISTRATIVE BUDGET**

(attached)

**SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
ADMINISTRATIVE BUDGET
07/01/2019-06/30/2020**

Personnel Expenditures

<u>Department</u>	<u>Position</u>	<u>Annual Wages, Benefits, etc. *</u>	<u>Percent to Successor Agency Admin</u>	<u>Annual Personnel Costs 07/01/2019 - 06/30/2020</u>
City Manager Office	City Clerk	\$ 215,679	2%	\$ 4,314
Finance	Accounting Supervisor	181,173	2%	3,623
Finance	Assistant Finance Director	251,830	2%	5,037
Total Personnel Expenditures				12,974

Other Administrative Expenditures

<u>Department</u>	<u>Activity</u>	<u>Annual Other Costs</u>	<u>Percent to Successor Agency Admin</u>	<u>Annual Other Costs 07/01/2019- 06/30/2020</u>
Finance	Accounting/Audit Services	3,000	100%	3,000
Development Services	Legal - Stradling Yocca Carlson & Rauth	14,000	100%	14,000
Total Other Expenditures				17,000
Total Annual Administrative Budget				\$ 29,974

* Estimated as of December 2018

Orange Countywide Oversight Board
Placeholder for Pending Resolution

Date: 1/14/2019

From: Successor Agency to the Costa Mesa Redevelopment Agency

Subject: Resolution of the Costa Mesa City Council Approving the ROPS 19-20 A-B and Fiscal Year 2019-20 Administrative Budget

The resolution of the Costa Mesa City Council approving the ROPS 19-20 A-B and Fiscal Year 2019-20 Administrative Budget will be voted upon at their 1/15/2019 meeting. As such, the resolution is not yet available for submission but will be provided before the Countywide Oversight Board votes upon its resolution regarding the ROPS 19-20 A-B and Fiscal Year 2019-20 Administrative Budget.

ATTACHMENT 4

**Successor Agency to the Costa Mesa Redevelopment Agency Resolution
Adopting Recognized Obligation Payment Schedule
for the 2019-20 A-B Fiscal Period of July 1, 2019 to June 30, 2020**

(to be attached)

Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5C

From: Successor Agency to the Cypress Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (ROPS) and Administrative Budget

Recommended Action:

Approve resolution approving FY 2019-20 ROPS and Administrative Budget for the Cypress Successor Agency

The Cypress Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2019-20.

Enforceable obligations total \$1,955,308 and consist exclusively of principal and interest payments for the Restated and Re-Entered Repayment Agreement (Agreement) originally approved by the Cypress Successor Agency in May 2012. The Agreement was established to preserve \$23.92 million of loans from the City which were used to finance the activities of the Cypress Redevelopment Agency and were outstanding at the time Redevelopment Agencies were dissolved. These loan proceeds had been used by the Cypress Redevelopment Agency for a variety of projects, including: the renovation of the Community Center, the construction of the City's Senior Center, and the purchase of vacant land for development. The Agreement provided for annual principal payments of \$2 million from the Successor Agency to the City of Cypress, along with interest equal to the State's LAIF rate, until paid off in full in 2025.

The Department of Finance approved the Agreement as an enforceable obligation in 2015. The Agreement was subsequently amended via a settlement agreement between the City of Cypress/Cypress Successor Agency and the State of California which transferred real property to the City in exchange for decreasing the outstanding principal on the Agreement to \$5,882,539 as of February 2, 2017. The final principal payment of \$1,882,539 and interest of \$66,122 is due in FY 2019-20. In addition to the scheduled payments of \$1,948,661 due in FY 2019-20, \$6,647 of FY 2017-18 interest is being requested on ROPS 2019-20. Higher interest rates on LAIF caused actual accrued interest to exceed the ROPS estimates, resulting in the \$6,647 not being funded by Redevelopment Property Tax Trust Fund (RPTTF) in FY 2017-18.

The Administrative Budget for FY 2019-20 totals \$15,100 and consists primarily of estimated personnel costs and legal and audit fees.

Both the ROPS and the Administrative Budget for FY 2019-20 are scheduled to be approved by the Cypress Successor Agency's governing body (City Council) on January 14, 2019.

Impact on Taxing Entities

A total of \$1,970,408 is requested with the FY 2019-20 ROPS, with \$1,961,220 funded by RPTTF and \$9,188 funded with available Successor Agency amounts. The requested amount is consistent with prior year ROPS; therefore, the taxing entities would not be impacted when compared to FY 2018-19.

Attachments

1. Proposed Resolution – Orange Countywide Oversight Board for Cypress Successor Agency FY 2019-20 ROPS
2. ROPS 19-20 for the Cypress Successor Agency

3. FY 2019-20 Administrative Budget for the Cypress Successor Agency
4. Placeholder for Pending Resolution dated January 14, 2019 of the Cypress Successor Agency (City Council) approving ROPS 19-20
5. Settlement Agreement between the City of Cypress/Cypress Successor Agency and the State of California approving the “New Re-Entered Loan Balance” effective February 2, 2017

A RESOLUTION OF THE COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 19-20) FOR THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2020 FOR THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDVELOPMENT AGENCY

WHEREAS, as part of the 2011-2012 State budget bill, the California Legislature enacted and the Governor signed, a budget trailer bill, ABx1 26, requiring that each redevelopment agency be dissolved; and

WHEREAS, an action challenging the constitutionality of ABx1 26 was filed in the California Supreme Court and on December 29, 2011, the Court modified and upheld ABx1 26, thereby causing the dissolution of all redevelopment agencies in the State of California, including the Cypress Redevelopment Agency (“RDA”), as of February 1, 2012; and

WHEREAS, the City of Cypress, pursuant to the terms of ABx1 26, became the successor agency to the dissolved RDA (“Successor Agency”) with the responsibility to wind up the affairs of the dissolved RDA under the terms of ABx1 26; and

WHEREAS, on June 27, 2012, the Legislature enacted and the Governor signed into law, to be effective immediately, Assembly Bill 1484 (“AB 1484”), which amended ABx1 26 and defined the Successor Agency as a separate public entity from the City; and

WHEREAS, on September 22, 2015, the Legislature enacted and the Governor signed into law, to be effective immediately, Senate Bill 107 (“SB 107”), which further amended ABx1 26 and AB 1484; and

WHEREAS, ABx1 26 as amended by AB 1484 and SB 107 is hereinafter referred to as the “Amended Dissolution Act;” and

WHEREAS, effective July 1, 2018 responsibilities of the Oversight Board to the Successor Agency to the dissolved Cypress Redevelopment Agency have transitioned to the Countywide Oversight Board; and

WHEREAS, pursuant to the Amended Dissolution Act, the Countywide Oversight Board is required to review and approve a Recognized Obligation Payment Schedule (ROPS 19-20) prepared by the Cypress Successor Agency covering the fiscal year from July 1, 2019 through June 30, 2020 that lists all enforceable obligations of the dissolved RDA as defined in the Amended Dissolution Act for the period, and for each twelve month period thereafter; and

WHEREAS, at its public meeting of January 14, 2019, the Successor Agency Board reviewed and considered the Recognized Obligation Payment Schedule (ROPS 19-20), attached to this Resolution and Staff Report submitted concurrently with this Resolution; and

WHEREAS, all legal prerequisites to the adoption of this Resolution have occurred;

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD as follows:

SECTION 1. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. The Countywide Oversight Board hereby approves the Recognized Obligation Payment Schedule (ROPS 19-20) for the period July 1, 2019 through June 30, 2020, as set forth in Exhibit “A” to this Resolution and by this reference incorporated herein.

SECTION 3. The Cypress Successor Agency Board Secretary, or the Successor Agency Executive Director (as the person appointed by action of the Oversight Board at its meeting of March 20, 2012, to be the designated contact person to the Department of Finance), shall transmit the approved Recognized Obligation Payment Schedule to the Department of Finance, State

Controller, and County Auditor-Controller in compliance with the requirements of the Amended Dissolution Act. The staff of the Successor Agency shall take such other and further actions and sign such other and further documents as appropriate to effectuate the intent of this Resolution and to implement the Recognized Obligation Payment Schedule approved hereby on behalf of the Successor Agency. The Countywide Oversight Board further authorizes and directs the Executive Director to make any technical modifications to the Recognized Obligation Payment Schedule as may be required by the Department of Finance, and/or State Controller, including any formatting or technical changes required by any of the foregoing bodies. Any such modifications or changes shall not require re-approval by the Countywide Oversight Board.

SECTION 4. If any section, subsection, sentence, clause, or phrase of this Resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this Resolution. The Countywide Oversight Board hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared invalid.

SECTION 5. The Clerk of the Orange Countywide Oversight Board shall certify to the adoption of this Resolution.

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Cypress
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):	\$ -	\$ 9,188	\$ 9,188
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	9,188	9,188
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 14,747	\$ 1,946,473	\$ 1,961,220
F RPTTF	6,647	1,939,473	1,946,120
G Administrative RPTTF	8,100	7,000	15,100
H Current Period Enforceable Obligations (A+E):	\$ 14,747	\$ 1,955,661	\$ 1,970,408

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

Cypress 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	19-20A (July - December)					Q	19-20B (January - June)					W	
											Fund Sources						Fund Sources						
											L	M	N	O	P		R	S	T	U	V		
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total	
								\$ 2,009,408		\$ 1,970,408	\$ 0	\$ 0	\$ 0	\$ 6,647	\$ 8,100	\$ 14,747	\$ 0	\$ 0	\$ 9,188	\$ 1,939,473	\$ 7,000	\$ 1,955,661	
2	Restated and Re-entered	Reentered	5/22/2012	6/30/2025	City of Cypress	Restated and Re-entered Repayment	All	1,987,661	N	\$ 1,948,661						\$ -			9,188	1,939,473	7,000	\$ 1,948,661	
3	Employee Costs	Admin Costs	7/1/2019	6/30/2020	City Employees	Payroll costs for staff engaged in Redevelopment and Successor Agency activities for period July 2018 to June 2019	All	6,000	N	\$ 6,000					3,000	\$ 3,000					3,000	\$ 3,000	
4	Legal Services	Admin Costs	7/1/2019	6/30/2020	Rutan & Tucker/ Aleshire & Wynder/Other	Legal Services for the Successor Agency	All	4,000	N	\$ 4,000					2,000	\$ 2,000					2,000	\$ 2,000	
5	Audit Services	Admin Costs	6/12/2017	6/30/2020	Lance Soll & Lunghard LLP	Final audit work for FYE 6/30/19 for Successor Agency audit and other required audits	All	4,000	N	\$ 4,000					3,000	\$ 3,000					1,000	\$ 1,000	
6	Administrative/ Office Supplies	Admin Costs	7/1/2019	6/30/2020	Various Vendors	Telephone, postage, printing/copying, computer usage and office supplies associated with the RDA and Successor Agency	All	200	N	\$ 200					100	\$ 100					100	\$ 100	
7	Land Lease	Admin Costs	4/1/2001	3/31/2021	OCTA	Lease of Land/ ROW for parking	Lincoln Avenue Project Area	900	N	\$ 900						\$ -					900	\$ 900	
12	Unpaid Interest from FY 2017-18 on the Restated and Re-entered Agreement / Promissory Note	Reentered Agreements	5/22/2012	6/30/2025	City of Cypress	Projected interest rate on the 17-18 ROPS for the outstanding principal on the Agreement was less than actual interest earned on LAIF (which is the basis for annual interest)	All	6,647	N	\$ 6,647				6,647		\$ 6,647							\$ -

Cypress Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H	
		Fund Sources						
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments	
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount				210,500	0	Beginning cash is comprised of prior year RPTTF ending cash of \$208,099 (Reported in Column H on ROPS 18-19 and other revenues of \$2,401 (Reported in Column G on ROPS 18-19).	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller				9,188	5,289,566		
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)					5,192,850		
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)				210,500	0	A total of \$210,500 of cash on hand at 7/1/16 was applied against the 18-19 ROPS approved by the DOF on April 11, 2018 and \$210,500 was withheld from the June 2018 ROPS 18-19 payment. This amount is not available to pay for 19-20 ROPS obligations and since it relates to a prior period is classified as "Other Funds".	
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					96,716	
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 9,188	\$ 0		

Cypress Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments
7	The License Agreement for the land lease does not have a contract ending date but based on a 30 days' written notice from OCTA. A projected date of 2021 was put in as the ending date only as a placeholder to allow the ROPS reporting system to validate.
12	The Restated and Re-entered Loan between the City and Successor Agency accrues annual interest based on the rate earned on the State's LAIF investment pool. The rates earned have increased significantly over the last 18 months resulting in a shortfall of \$6,647 in the amount requested with the FY 2017-18 ROPS. Total interest was estimated at \$73,532 (based on an estimated rate of 1.25%) and actual interest was \$80,179 (based on the actual rate of 1.363%).

EXHIBIT A

City of Cypress, As Successor Agency to the Dissolved Cypress Redevelopment Agency
 Proposed Administrative Expenditure Budget
 For the Two Six-Month Periods Ending December 31, 2019 and June 30, 2020

<u>Description (Fund 462-Program 62194)</u>	Six Months Ending <u>12/31/2019</u>	Six Months Ending <u>6/30/2020</u>	Total <u>FY 2019/20</u>
<i>Administrative</i>			
1. Employee Costs			
Full-time Salaries (4001)	1,800	1,800	3,600
Fringe Applied (4006)	1,200	1,200	2,400
Total	3,000	3,000	6,000
2. Legal Services (4189_004)	2,000	2,000	4,000
3. Audit Services (4189_001)	3,000	1,000	4,000
4. Administrative/ Office Supplies Supplies (4103_003)	100	100	200
5. Land Lease (4177)	-	900	900
Total Administrative Expenditures	\$ 8,100	\$ 7,000	\$ 15,100

Orange Countywide Oversight Board
Placeholder for Pending Resolution

Date: 1/22/2019

From: Successor Agency to the Cypress Redevelopment Agency

Subject: Resolution of the Cypress City Council Approving the Recognized Obligation Payment Schedule for the Period of July 1, 2019 through June 30, 2020 (ROPS 19-20)

The resolution of the Cypress City Council approving the Recognized Obligation Payment Schedule for the Period of July 1, 2019 through June 30, 2020 (ROPS 19-20) will be voted upon at their 1/14/2019 meeting. As such, the resolution is not yet available for submission but will be provided before the Countywide Oversight Board votes upon its resolution regarding the ROPS 19-20.

SETTLEMENT AGREEMENT

City of Cypress v. State of California,
Sacramento Superior Court, Case No. 34-2013-80001585

PARTIES

This Settlement Agreement (“**Agreement**”) is entered into by petitioners and plaintiffs the City of Cypress (“**City**”) and the Successor Agency to the Dissolved Cypress Redevelopment Agency (“**Successor Agency**”) (collectively “**Plaintiffs**”) on the one hand, and on the other hand, Respondents and Defendants California Department Of Finance (“**Finance**”), Michael Cohen in his official capacity as the Director of the California Department of Finance, the State Controller’s Office (“**Controller’s Office**”), and John Chiang in his official capacity as Controller for the State of California Defendants (collectively “**Defendants**”). Plaintiffs and Defendants are sometimes collectively referred to as the “**Parties.**”

RECITALS

A. Plaintiffs have filed the following Sacramento Superior Court action, which remains pending, against Respondents: *City of Cypress v. State of California*, case no. 34-2013-80001585 (the “**Action**”).

B. The Action relates to the wind down of the Cypress Redevelopment Agency (“**RDA**”) pursuant to Assembly Bill 26 of the 2011-12 First Extraordinary Session of the California Legislature (“**AB xl 26**”), Assembly Bill 1484 of the 2011-12 Regular Session of the California Legislature (“**AB 1484**”) and Senate Bill 107 of the 2015-16 Regular Session of the California Legislature (“**SB 107**”) (collectively the “**Dissolution Law**”).

C. Under AB xl 26, as interpreted by *Community Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231, the RDA was dissolved on February 1, 2012. Plaintiffs allege that following the dissolution of the RDA, but prior to the passage of AB 1484, the City and the Successor Agency re-entered into a loan that had originally been entered into by the City and the RDA on or about July 1, 2009, years prior to the passage of the Dissolution Act. The original loan agreement is referred to herein as the “**2009 Loan.**” A Copy of the 2009 Loan is attached and incorporated herein by reference as **Exhibit A.** The original amount owing under the 2009 Loan agreement was \$42,500,000.

D. On or about June 30, 2011, the RDA made a \$1,196,000 interest payment on the 2009 Loan to the City (“**Interest Payment**”).

E. On March 18, 2011, the RDA purported to sell 13.329 acres of land (the “**Land**”) to City for \$18,580,000. The City purported to pay the purchase price for the Land by reducing the balance on the 2009 Loan from \$42,500,000 to \$23,920,000.

F. On May 22, 2012, City and Successor Agency allegedly re-entered the 2009 Loan (“**Re-Entered Loan**”). Per the terms of the Re-Entered Loan, the balance due on the Re-Entered

Loan was \$25,116,000 with simple interest accruing at an amount equal to the amount earned on the State's Local Agency Investment Fund ("LAIF") per annum.

G. Plaintiffs allege that the Re-Entered Loan was approved by the Oversight Board to the Successor Agency. A copy of the Re-Entered Loan agreement is attached and incorporated herein by reference as **Exhibit B**.

H. The Successor Agency requested authorization on each of its Recognized Obligation Payment Schedules ("**ROPS**") to make payment on the \$25,116,000 Re-Entered Loan amount beginning with the January to June 2012 period.

I. Finance disallowed the Successor Agency's ROPS requests to make payment on the \$25,116,000 Re-Entered Loan amount until the January 1, 2016 to June 30, 2016 period ("**ROPS 15-16 B period**") at which time Finance allowed and approved the Re-Entered Loan and payments thereon. For purposes of reference, the Re-Entered Loan agreement was identified in the ROPS 15-16B as line item 2. During the ROPS 15-16 period, the Successor Agency did not receive sufficient money from the Redevelopment Property Tax Trust Fund ("**RPTTF**") to pay the full amount approved by Finance for the Re-Entered Loan. For the period covering July 1, 2016 to June 30, 2017 ("**ROPS 16-17 period**"), Cypress added ROPS line item 11 to request funds from the RPTTF for the ROPS 16-17 period to pay for the amount approved on the Re-Entered Loan during the ROPS 15-16 period that the Successor Agency was unable to pay ("**Shortfall Payment**").

J. As of July 1, 2016, the Re-Entered Loan has a current outstanding balance of \$20,882,539 ("**Re-Entered Loan Balance**").

K. On May 5, 2013, through the Other Funds and Accounts Due Diligence Review Process ("**OFA DDR**") Finance disallowed (i) the March 18, 2011 transfer of the Land from the RDA to the City, and (ii) the Interest Payment.

L. On or about January 13, 2014, the Successor Agency remitted the Interest Payment that was disallowed by Finance through the OFA DDR to the Orange County Auditor-Controller for allocation to the affected taxing entities.

M. On or about February 23, 2015, as part of the wind down of redevelopment agencies pursuant to Dissolution Law, the Controller's Office completed an audit of asset transfers from the RDA to other public entities during the period January 1, 2011 through January 31, 2012. The Controller's Office concluded that the Land had been wrongfully transferred from the Successor Agency to the City during that period, and ordered that the transfer be reversed. The Land is described in detail in the quitclaim attached hereto as **Exhibit C** and incorporated herein by reference. In addition, the Controller's Office concluded \$170,536 had been wrongfully transferred from the Successor Agency to the City as payment on the 2009 Loan and ordered that the transfer be reversed. To date, the City has not completed the transfer of the Land to the Successor Agency, as ordered by the Controller's Office.

N. Plaintiffs have commissioned and completed two studies to value the Land. The first study, completed on March 11, 2011, determined the fair market value of the property to be

\$18,580,000. The second study, completed on November 17, 2015, determined that the total fair market value of the property is \$12,500,000.

O. Without admission of fault or wrongdoing, the Parties have agreed to completely resolve any and all disputes between the Parties pertaining to, or in any way relating to, the Action by entering into this Agreement.

AGREEMENT

Accordingly, in consideration of the mutual promises contained herein, the Parties agree as follows:

1. Principal Terms. The Parties agree to the following resolution of the litigation:

(a) Defendants shall not take any action to enforce the Controller's Office order that City transfer the Land back to the Successor Agency, and shall allow the retention of the Land by the City. Additionally, Defendants shall treat remittance of the Interest Payment described in Recitals K and L of this Agreement as compliance with the order by the Controller's Office to reverse the \$170,536 transfer described in Recital M of this Agreement.

(b) Between July 1, 2016 and the effective date of this Agreement the Re-Entered Loan Balance will accrue simple interest at the LAIF rate.

(c) On the effective date of this Agreement the Re-Entered Loan Balance shall be reduced by \$15,000,000. As a result of the reduction, the outstanding principal balance on the Re-Entered Loan will be \$5,882,539 ("**New Re-Entered Loan Balance**"). Per the terms of the Re-Entered Loan, the New Re-Entered Loan Balance will accrue simple interest at the LAIF rate per annum. Plaintiffs shall only request authorization to pay the **New Re-Entered Loan Balance**, and the interest specified in this paragraph and in paragraph 1(b), on the Successor Agency's ROPS.

(d) Both the City and Successor Agency waive and release any rights and claims they may have to pay and/or to receive payment for the 2009 Loan and the Re-Entered Loan, except as provided in paragraphs 1(b) and 1(c). This waiver also relates to any ROPS line item related to the payment or receipt of payment for the 2009 Loan and the Re-Entered Loan, including ROPS line item 11 for the 2016-2017 period regarding the Shortfall Payment on the Re-Entered Loan, except as provided in paragraphs 1(b) and 1(c).

(e) Within seven (7) days of the effective date of this Agreement, Plaintiffs shall dismiss the Action with prejudice.

2. Claims Disputed. This Agreement does not constitute, nor shall it be construed as, an admission or concession by any of the Parties for any purpose. This Agreement is a compromise settlement of the Action, and by executing this Agreement, none of the Parties admits wrongdoing, liability, or fault in connection with either the Action or the allegations asserted in the Action.

3. Mutual Release. The Parties specifically and mutually release and discharge each other, including their respective officers, directors, commission members, trustees, agents,

employees, representatives, attorneys, insurers, departments, divisions, sections, successors and assigns, from all obligations, damages, costs, expenses, liens, attorney fees of any nature whatsoever, whether known or unknown, suspected or not suspected to exist, claimed or not claimed, disputed or undisputed, pertaining to the Action.

4. Successors and Assigns. This Agreement shall be binding upon the Parties' respective officers, directors, commission members, trustees, agents, employees, representatives, attorneys, departments, divisions, sections, successors and assigns.

5. Assumption of Risk. The Parties each represent that they fully understand that if the facts pertaining in any way to the Action are later found to be different from the facts now believed to be true by any Party, each of them expressly accepts and assumes the risk of such possible differences in facts and agrees that this Agreement shall remain effective notwithstanding such differences in facts. The Parties also each represent that this Agreement was entered into under the laws current as of the effective date, and agree that this Agreement shall remain effective notwithstanding any future changes in the law.

6. Independent Advice of Counsel. The Parties each represent that they know and understand the contents of the Agreement and that this Agreement has been executed voluntarily. The Parties each further represent that they have had an opportunity to consult with an attorney of their choosing and that they have been fully advised by the attorney with respect to their rights and obligations and with respect to the execution of this Agreement.

7. Entire Agreement. No promise, inducement, understanding, or agreement not expressed has been made by or on behalf of the Parties, and this Agreement contains the entire agreement between the Parties related to the Action.

8. Indemnity. Each Party represents that it has not assigned, transferred, or purported to assign or transfer to any person or entity any matter released herein. The Plaintiffs in the Action also agree to indemnify and hold harmless the Defendants in the Action and their successors and assigns against any claims, demands, causes of action, damages, debts, liabilities, costs or expenses, including, but not necessarily limited to, attorney fees, arising out of or in connection with the Action.

9. Amendments in Writing. This Agreement may not be altered, amended, modified, or otherwise changed in any respect except by a writing duly executed by the Parties. The Parties agree that they will make no claim at any time or place that this Agreement has been orally altered or modified or otherwise changed by oral communication of any kind or character.

10. Construction. The Parties agree that this Agreement is to be construed and interpreted without regard to the identity of the party drafting this Agreement.

11. Additional Acts. The Parties agree to take such actions and to execute such documents as are necessary to carry out the terms and purposes of this Agreement.

12. Attorneys' Fees. The Parties shall each bear their respective attorney fees and costs incurred in the litigation.

13. Enforcement. If any Party to this Agreement files a lawsuit to enforce or interpret this Agreement, the prevailing Party in any such suit shall be entitled to reimbursement for reasonable attorney fees and costs.

14. Choice of Law and Jurisdiction. This Agreement shall be governed by the laws of the State of California. If any Party to this Agreement brings a lawsuit to enforce or interpret this Agreement, the lawsuit shall be filed in the Superior Court for the County of Sacramento, California.

15. Counterparts. This Agreement may be executed by facsimile and in counterparts, each of which is deemed an original and all of which shall constitute this Agreement.

16. Effective Date. The date on which the last counterpart of this Agreement is executed shall be the effective date of this Agreement.

17. Authority to Execute. Each Party represents that they have the authority to enter into and perform the obligations necessary to provide the consideration described in this Agreement. Each person signing this Agreement represents and warrants that they have the authority to sign on behalf of the Party for which they sign.

This Agreement consists of Recital Paragraphs A - O, Agreement Paragraphs 1 - 17, and Exhibits A-C.

[SIGNATURES ON NEXT PAGE]

Dated: 1-31-17

CITY OF CYPRESS

By: *Paul J. General*
Its: Mayor

Dated: 1-31-17

SUCCESSOR AGENCY TO THE DISSOLVED
CYPRESS REDEVELOPMENT AGENCY

By: *Paul J. General*
Its: Director

ATTEST:

Denise Basham
City Clerk of the City of Cypress

Dated: _____

CALIFORNIA DEPARTMENT OF FINANCE
and Michael Cohen in his official capacity as its
Director

By: _____
Its: Kari Krogseng
Chief Counsel

Dated: _____

CALIFORNIA STATE CONTROLLER'S
OFFICE and Betty Yee in her official capacity as
Controller

By: _____
Its: Chief Counsel

Approved as to Form:

Dated: _____

RUTAN & TUCKER, LLP

Jeffrey T. Melching
Attorneys for City of Cypress and Successor
Agency to the Dissolved Cypress Redevelopment
Agency

Dated: _____

CALIFORNIA DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

Deputy Attorney General
Attorneys for Defendants

EXHIBIT A

2009 LOAN

EXHIBIT "A"
REPAYMENT AGREEMENT

This Repayment Agreement is entered into as of the 23rd day of March 2008, by and between the Cypress Redevelopment Agency, a public body corporate and politic (the "Agency") and the City of Cypress, a public body corporate and politic (the "City").

RECITALS

- A. Whereas, the City and Agency would like to consolidate all outstanding notes between the Agency and City to a single note as of July 1, 2008, and
- B. Sufficient cash flows will not be available to pay off the outstanding notes as of July 1, 2009, and
- C. All accrued interest associated with the seven notes currently outstanding will be paid by the Agency to the City on June 30, 2009, and
- D. Whereas, the City and Agency would like to formally reissue \$42.5 million (\$42,500,000) in notes on July 1, 2009 and establish an applicable interest rate of five percent (5%), and
- E. The \$42.5 million (\$42,500,000) in notes are associated with the Agency's three project areas as follows:

Civic Center	\$ 7,000,000
Lincoln Avenue	\$ 3,000,000
Los Alamitos Race Track	\$ 32,500,000

NOW, THEREFORE, in consideration of the foregoing mutual covenants and conditions set forth herein, the parties hereto agree as follows:

Section 1. The Agency hereby agrees to pay the City as full consideration for the loan referred to in the recitals hereinabove, the total sum of Forty Two Million and Five Hundred Thousand Dollars (\$42,500,000) with interest thereon calculated at a rate of five percent (5.0%) per annum. The Agency's obligations hereunder shall be evidenced by a Promissory Note substantially in the form attached hereto and incorporated herein by reference (the "Purchase Money Promissory Note").

Payment of all accrued interest with respect to the Purchase Money Promissory Note shall be due annually on June 30th starting on June 30, 2010. Payment of the outstanding principal with respect to the Purchase Money Promissory Note shall be due on June 30, 2012 unless extended by mutual agreement of the parties hereto. However, a portion of the outstanding principal will be due at the time the approximately 13 acres of land currently owned by the Agency has been resold and if the Agency has sufficient monies to repay the City or at any other time during the term of the Purchase Money Promissory Note that sufficient monies become available based on staff's recommendations.

The Agency shall execute and deliver the Purchase Money Promissory Note as of the date of the execution of this Agreement.

Section 2. The Agency's obligation to make payments to the City pursuant to the Purchase Money Promissory Note shall be payable solely from (a) property taxes allocated to the Agency from the Project Area in accordance with Health and Safety Codes Section 33670 (b) ("Tax Increment") but only if and to the extent Tax Increment is received, or (b) funds that the Agency receives from the sale of property located in any of the three project areas and determines in its sole discretion to use to repay said amounts. In the event that there are insufficient funds from the sources identified herein to make the required payments with respect to the Purchase Money Promissory Note in the year in which such payments are to be made, the City shall reasonably consider (but shall not be obligated to) extend the time for payment by adding such amounts to the principal balance evidenced by the Purchase Money Promissory Note and interest at the rate set forth in the Purchase Money Promissory Note.

Section 3. The parties hereto acknowledge and agree that the Agency's obligation to pay the amounts evidenced by the Purchase Money Promissory Note shall be automatically subordinated to any other obligation of the Agency secured by Tax Increment or for which Tax Increment is otherwise pledged in connection with the issuance of bonds or certificates of participation as part of the implementation of the Redevelopment Plan for the Project Areas.

Section 4. The Agency shall have the right at any time, from time to time, upon at least ten (10) days written notice to the City, to prepay without premium or penalty, the outstanding balance of the Purchase Money Promissory Note, or any portion thereof, with interest payable through the date of such prepayment.

Section 5. This Agreement embodies the entire Agreement understanding between the parties hereto with respect to the matters set forth herein and supersedes all prior agreements and understandings related to the subject matter hereof.

Section 6. This Agreement shall terminate when all obligations of the Agency as evidenced by the Purchase Money Promissory Note shall have been discharged in full.

Section 7. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be effected or impaired thereby.

Section 8. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of, the principal of or interest on the Purchase Money Promissory Note.

Section 9. The parties hereto acknowledge and agree that the obligations of the Agency evidenced by the Purchase Money Promissory Note constitute an "indebtedness" within the meaning of Health and Safety Code Section 33670 (b).

IN WITNESS WHEREOF, the parties have executed this Repayment Agreement as of the date first above written.

CITY OF CYPRESS

By 
City Mayor

ATTEST:


City Clerk

CYPRESS REDEVELOPMENT AGENCY

By 
Chairman of the Agency Board

ATTEST


Executive Director

PURCHASE MONEY PROMISSORY NOTE (RDA 1)

\$42,500,000

**Cypress, CA
July 1, 2008**

The Cypress Redevelopment Agency, a public body corporate and politic (the "Agency"), for value received, hereby promises to pay to the City of Cypress, public body corporate and politic (the "City"), the principal sum of Forty Two Million and Five Hundred Thousand (\$42,500,000), in lawful money of the United States of America together with interest thereon on the unpaid balance thereof from the date hereof at a rate equal to five percent (5.0%) per annum. With respect to this Purchase Money Promissory Note, the Agency shall pay all interest annually on June 30th and the principal on or before June 30, 2012. Interest shall be computed upon the basis of a three hundred sixty (360) day year and a thirty (30) day month.

This Note is the Purchase Money Promissory Note referred to in the Repayment Agreement dated as of July 1, 2008, between the City and the Agency and is entitled to all the benefits and is subject to all the limitations provided for therein. Reference is made to said Agreement for, *inter alia*, the rights of prepayment and the sources of payment of the principal of and interest on this Purchase Money Promissory Note.

CYPRESS REDEVELOPMENT AGENCY

By 
Chairman of the Agency Board

ATTEST:


Executive Director

EXHIBIT B

RE-ENTERED LOAN

**RESTATED AND RE-ENTERED
REPAYMENT AGREEMENT**

This RESTATED AND RE-ENTERED REPAYMENT AGREEMENT ("Restated Agreement") is entered into this 22nd day of May, 2012, by and between the CITY OF CYPRESS, a charter city of the State of California and municipal corporation, existing and operating under the Constitution of the State of California ("City"), and the CITY OF CYPRESS in its capacity as the Successor Agency ("Successor Agency") to the dissolved Cypress Redevelopment Agency ("RDA"), and has been approved by the Oversight Board to the Successor Agency to the dissolved RDA ("Oversight Board") by adoption of Oversight Board Resolution No. OB 4.

RECITALS

A. City is a California charter city and municipal corporation operating under the Constitution of the State of California.

B. RDA was a public body, corporate and politic, exercising governmental functions and powers under the Community Redevelopment Law, Health and Safety Code Section 33000 *et seq.* ("CRL").

C. RDA was established to exercise and undertake redevelopment activities for purposes of implementing the Redevelopment Plan for the RDA's Redevelopment Project Areas.

D. Under the CRL, the City had the express authority to provide RDA with financial assistance for purposes of implementing redevelopment activities (see, e.g., Health and Safety Code Sections 33220, 33600, 33601, 33610, 33614; see also Government Code Section 53600 *et seq.*).

E. Pursuant to the authority granted under the CRL, the City and RDA entered into that certain Repayment Agreement, dated March 23, 2009, a copy of which is attached to this Restated Agreement as Exhibit "A" and incorporated herein by this reference ("Repayment Agreement").

F. On or about January 10, 2011, the Governor of California first proposed as part of his 2011-12 budget proposal the dissolution of redevelopment agencies.

G. Pursuant to Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature ("ABx1 26"), enacted as a bill related to the 2011-12 Budget Act in June 2011, as modified by the California Supreme Court Decision in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231, all redevelopment agencies in California were dissolved on February 1, 2012.

H. Pursuant to Health and Safety Code Section 34173(a) and (b), added by ABx1 26, the City, as the Successor Agency to the RDA, assumed on February 1, 2012, all authority, rights, powers, duties, and obligations previously vested with the RDA, except for those provisions of the CRL that were repealed, restricted, or revised pursuant to Part 1.85 of Division 24 of the Health and Safety Code.

I. Pursuant to Health and Safety Code Section 34179, added by ABx1 26, members of the Oversight Board of the Successor Agency to the former RDA have been duly appointed.

J. Pursuant to Health and Safety Code Section 34178(a), added by ABx1 26, commencing on February 1, 2012, agreements between the city, county, or city and county that created the redevelopment agency and the redevelopment agency were deemed to be not binding on the successor agency; provided, however, that under Health and Safety Code Sections 34178(a) and 34180(h), the Oversight Board has the authority to approve, at the request of the Successor Agency, the entering or re-entering into agreements with the city, county, or city and county that formed the former redevelopment agency.

K. Pursuant to Health and Safety Code Sections 34178(a) and 34180(h), the City, in its capacity as a municipal corporation and its capacity as the Successor Agency, seeks to restate and re-enter into the Repayment Agreement, as set forth in this Restated Agreement.

L. Because sufficient cash flows of former property tax increment (now defined by AB1x 26 as property taxes) even if the Repayment Agreement were not rejected as an enforceable obligation by DOF, would not be available to pay off the debt evidenced by the Repayment Agreement when such debt is scheduled to mature on June 30, 2012, the Restated Agreement restates the outstanding principal balance [with interest accruing at the rate of return on investments in the Local Agency Investment Fund ("LAIF")] and a repayment schedule calling for an annual repayment of two million dollar (\$2,000,000) plus applicable interest and continuing until June 30, 2024, and a final principal repayment of one million one hundred sixteen thousand dollars (\$1,116,000) plus applicable interest on June 30, 2025.

M. At its meeting of May 15, 2012, the Oversight Board adopted Resolution No. OB 4 approving the re-entering into the Repayment Agreement and the terms of this Restated Agreement.

AGREEMENT

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City and Successor Agency agree as follows:

1. Restatement and Re-Entry Into Agreement. Subject to the terms and conditions in this Restated Agreement, City, in its capacity as a municipal corporation and as the Successor Agency, hereby restates and re-enters into the Repayment Agreement with the re-entered terms set forth in the Restated and Re-Entered Repayment Note attached hereto as Exhibit B and by this reference incorporated herein. Except as modified by this Restated Agreement, the terms and conditions of the Repayment Agreement shall remain in full force and effect.

2. Reservation of Rights. The City, in its capacity as a municipal corporation and as the Successor Agency, hereby reserves any and all rights, and does not waive any rights which it may now or in the future have, for repayment under the Repayment Agreement, including but not limited to the right to receive repayment under the existing Repayment Agreement as may be authorized pursuant to any current or future law, amendment to ABx1 26, administrative or judicial decision, or otherwise.

3. Effective Date. This Restated Agreement shall be effective only upon the approval of the Oversight Board. If the City, in its capacity as a municipal corporation and as the Successor Agency, has not approved this Restated Agreement prior to the approval of the Oversight Board, then the City may approve this Restated Agreement by ratification thereof at a duly noticed public meeting of the City Council.

4. City Manager Authorization. The City Manager shall have the authority to execute such other and further agreements and documents, and take such other and further actions, necessary to implement this Restated Agreement on behalf of the City, in its capacity as a charter city of the State of California and a municipal corporation, and on behalf of the City in its capacity as the Successor Agency.

IN WITNESS WHEREOF, the City, in its capacity as a charter city of the State of California and a municipal corporation, and the City in its capacity as the Successor Agency, enters into this Restated Agreement as of the date first set forth above.

"City"

CITY OF CYPRESS, in its capacity as charter city of the State of California and a municipal corporation

By: 
Mayor, City of Cypress

ATTEST:


City Clerk

"Successor Agency"

CITY OF CYPRESS, in its capacity as the Successor Agency to the dissolved CYPRESS REDEVELOPMENT AGENCY

By: 
Mayor, City of Cypress

ATTEST:


Secretary of the Successor Agency

EXHIBIT "A"

REPAYMENT AGREEMENT

This Repayment Agreement is entered into as of the 23rd day of March 2009, by and between the Cypress Redevelopment Agency, a public body corporate and politic (the "Agency") and the City of Cypress, a public body corporate and politic (the "City").

RECITALS

- A. Whereas, the City and Agency would like to consolidate all outstanding notes between the Agency and City to a single note as of July 1, 2009, and
- B. Sufficient cash flows will not be available to pay off the outstanding notes as of July 1, 2009, and
- C. All accrued interest associated with the seven notes currently outstanding will be paid by the Agency to the City on June 30, 2009, and
- D. Whereas, the City and Agency would like to formally reissue \$42.5 million (\$42,500,000) in notes on July 1, 2009 and establish an applicable interest rate of five percent (5%), and
- E. The \$42.5 million (\$42,500,000) in notes are associated with the Agency's three project areas as follows:

Civic Center	\$ 7,000,000
Lincoln Avenue	\$ 3,000,000
Los Alamitos Race Track	\$ 32,500,000

NOW, THEREFORE, in consideration of the foregoing mutual covenants and conditions set forth herein, the parties hereto agree as follows:

Section 1. The Agency hereby agrees to pay the City as full consideration for the loan referred to in the recitals hereinabove, the total sum of Forty Two Million and Five Hundred Thousand Dollars (\$42,500,000) with interest thereon calculated at a rate of five percent (5.0%) per annum. The Agency's obligations hereunder shall be evidenced by a Promissory Note substantially in the form attached hereto and incorporated herein by reference (the "Purchase Money Promissory Note").

Payment of all accrued interest with respect to the Purchase Money Promissory Note shall be due annually on June 30th starting on June 30, 2010. Payment of the outstanding principal with respect to the Purchase Money Promissory Note shall be due on June 30, 2012 unless extended by mutual agreement of the parties hereto. However, a portion of the outstanding principal will be due at the time the approximately 13 acres of land currently owned by the Agency has been resold and if the Agency has sufficient monies to repay the City or at any other time during the term of the Purchase Money Promissory Note that sufficient monies become available based on staff's recommendations.

The Agency shall execute and deliver the Purchase Money Promissory Note as of the date of the execution of this Agreement.

Section 2. The Agency's obligation to make payments to the City pursuant to the Purchase Money Promissory Note shall be payable solely from (a) property taxes allocated to the Agency from the Project Area in accordance with Health and Safety Codes Section 33670 (b) ("Tax Increment") but only if and to the extent Tax Increment is received, or (b) funds that the Agency receives from the sale of property located in any of the three project areas and determines in its sole discretion to use to repay said amounts. In the event that there are insufficient funds from the sources identified herein to make the required payments with respect to the Purchase Money Promissory Note in the year in which such payments are to be made, the City shall reasonably consider (but shall not be obligated to) extend the time for payment by adding such amounts to the principal balance evidenced by the Purchase Money Promissory Note and interest at the rate set forth in the Purchase Money Promissory Note.

Section 3. The parties hereto acknowledge and agree that the Agency's obligation to pay the amounts evidenced by the Purchase Money Promissory Note shall be automatically subordinated to any other obligation of the Agency secured by Tax Increment or for which Tax Increment is otherwise pledged in connection with the issuance of bonds or certificates of participation as part of the implementation of the Redevelopment Plan for the Project Areas.

Section 4. The Agency shall have the right at any time, from time to time, upon at least ten (10) days written notice to the City, to prepay without premium or penalty, the outstanding balance of the Purchase Money Promissory Note, or any portion thereof, with interest payable through the date of such prepayment.

Section 5. This Agreement embodies the entire Agreement understanding between the parties hereto with respect to the matters set forth herein and supersedes all prior agreements and understandings related to the subject matter hereof.

Section 6. This Agreement shall terminate when all obligations of the Agency as evidenced by the Purchase Money Promissory Note shall have been discharged in full.

Section 7. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be effected or impaired thereby.

Section 8. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of, the principal of or interest on the Purchase Money Promissory Note.

Section 9. The parties hereto acknowledge and agree that the obligations of the Agency evidenced by the Purchase Money Promissory Note constitute an "indebtedness" within the meaning of Health and Safety Code Section 33670 (b).

IN WITNESS WHEREOF, the parties have executed this Repayment Agreement as of the date first above written.

CITY OF CYPRESS

By 
City Mayor

ATTEST:


City Clerk

CYPRESS REDEVELOPMENT AGENCY

By 
Chairman of the Agency Board

ATTEST


Executive Director

PURCHASE MONEY PROMISSORY NOTE (RDA 1)

\$42,500,000

**Cypress, CA
July 1, 2008**

The Cypress Redevelopment Agency, a public body corporate and politic (the "Agency"), for value received, hereby promises to pay to the City of Cypress, public body corporate and politic (the "City"), the principal sum of Forty Two Million and Five Hundred Thousand (\$42,500,000), in lawful money of the United States of America together with interest thereon on the unpaid balance thereof from the date hereof at a rate equal to five percent (5.0%) per annum. With respect to this Purchase Money Promissory Note, the Agency shall pay all interest annually on June 30th and the principal on or before June 30, 2012. Interest shall be computed upon the basis of a three hundred sixty (360) day year and a thirty (30) day month.

This Note is the Purchase Money Promissory Note referred to in the Repayment Agreement dated as of July 1, 2008, between the City and the Agency and is entitled to all the benefits and is subject to all the limitations provided for therein. Reference is made to said Agreement for, *inter alia*, the rights of prepayment and the sources of payment of the principal of and interest on this Purchase Money Promissory Note.

CYPRESS REDEVELOPMENT AGENCY

By 
Chairman of the Agency Board

ATTEST:


Executive Director

RESTATED AND RE-ENTERED REPAYMENT NOTE

\$23,920,000 plus accrued interest

Cypress, CA
May 22, 2012

The Successor Agency of the Cypress Redevelopment Agency, a public body corporate and politic (the "Successor Agency"), for value received, hereby promises to pay to the City of Cypress, public body corporate and politic (the "City"), the principal sum of Twenty Three Million Nine Hundred Twenty Thousand Dollars (\$23,920,000.00) plus accrued interest through June 30, 2012 of One Million One Hundred Ninety-Six Thousand Dollars (\$1,196,000), in lawful money of the United States of America together with interest thereon on the unpaid balance thereof commencing July 1, 2012, at a rate equal to amount earned on the State's Local Agency Investment Fund (LAIF) per annum. With respect to this Restated and Re-Entered Repayment Note, the Successor Agency shall pay Two Million Dollars (\$2,000,000) of principal (which includes the accrued interest as of June 30, 2012 amortized over the term of this Note), plus interest thereon at the LAIF rate, annually on June 30th for the period June 30, 2013 through June 30, 2024. The remaining One Million One Hundred Sixteen Thousand (\$1,116,000) of principal and interest will be paid on June 30, 2025. Interest shall be computed upon the basis of a three hundred sixty (360) day year and a thirty (30) day month.

This Note is the Restated and Re-Entered Repayment Note referred to in the Repayment Agreement dated as of May 22, 2012, between the City and the Successor Agency and is entitled to all the benefits and is subject to all the limitations provided for therein. Reference is made to said Agreement for, *inter alia*, the rights of prepayment and the sources of payment of the principal of and interest on this Restated and Re-Entered Repayment Note. The Successor Agency shall not be liable for any payment hereunder except from property taxes disbursed to the Successor Agency by the County Auditor-Controller as a result of the indebtedness evidenced by this Note having been approved or deemed approved as an "enforceable obligation" as set forth in Health & Safety Code Section 34177 and other applicable provision of law, including Part 1.85 of the Community Redevelopment Law.

CITY OF CYPRESS AS SUCCESSOR AGENCY
TO THE DISSOLVED CYPRESS
REDEVELOPMENT AGENCY

By 
Mayor, City of Cypress As Successor Agency to
the Dissolved Cypress Redevelopment Agency

EXHIBIT C

LAND

DESCRIPTION

When Recorded Mail To:

City of Cypress
5275 Orange Avenue
Cypress, California 90630
Attn: City Clerk

(Space Above For Recorder's Use)

The undersigned grantor(s) declare(s) that this transaction is exempt from the payment of a documentary transfer tax pursuant to Revenue and Taxation Code Section 11922.

This document is being recorded for the benefit of the City of Cypress and is exempt from payment of a recordation fee pursuant to Government Code §§27383 and 6103.

APNs:

241-091-22
241-091-23
241-091-24
241-091-25
241-091-26

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, CYPRESS REDEVELOPMENT AGENCY, a public body, corporate and politic ("Grantor"), Does hereby remise, release and forever quitclaim to the CITY OF CYPRESS, a charter city and municipal corporation ("Grantee"), all of Grantor's right, title and interest in and to certain real property described located in the City of Cypress, County of Orange, State of California, described in the legal description attached hereto as Exhibit "1" and incorporated herein by this reference (the "Property").

Grantor's conveyance of the Property is further subject to the following covenants and restrictions as required by the Community Redevelopment Law, Health and Safety Code section 33000 *et seq.* (the "CRL"):

1. In addition to any other nondiscrimination provisions applicable to the Property under federal, state or local law, the following nondiscrimination provisions apply:

(a) There shall be no discrimination against, or segregation of, any persons, or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, or rental, or in the use, occupancy, or enjoyment of the Property, nor shall Grantee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof. The foregoing covenants shall run with the Property and shall remain in effect in perpetuity.

(b) Notwithstanding subsection (a) above, with respect to familial status, subsection (a) above shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subsection (a) above shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code, shall apply to subsection (a) above.

2. All deeds, leases or contracts for the sale or leasing of the Property or any interest therein shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

2.1 In deeds. In deeds, language shall appear in substantially the following form:

(a) "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(b) "Notwithstanding subsection (a) above, with respect to familial status, subsection (a) above shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subsection (a) above shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code, shall apply to subsection (a) above."

2.2 In leases. In leases, language shall appear in substantially the following form:

(a) "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection,

location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.”

(b) “Notwithstanding subsection (a) above, with respect to familial status, subsection (a) above shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subsection (a) above shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code, shall apply to subsection (a) above.”

2.3 In contracts pertaining to the sale, transfer or leasing of the land or any interest therein, language shall appear in substantially the following form:

(a) “There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land. The foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the contract.”

(b) “Notwithstanding subsection (a) above, with respect to familial status, subsection (a) above shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subsection (a) above shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code, shall apply to subsection (a) above.”

3. The covenants and restrictions in this Quitclaim Deed shall bind Grantee and its successor in interest to the Property or any portion thereof.

[END—SIGNATURES ON NEXT PAGE]

"GRANTOR"

CYPRESS REDEVELOPMENT AGENCY, a public body, corporate and politic

By: [Signature]

Its: EXECUTIVE DIRECTOR

ATTEST:

[Signature]
Agency Secretary

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

[Signature]
Agency Counsel

"GRANTEE"

CITY OF CYPRESS, a charter city and municipal corporation

By: [Signature]

Its: CITY MANAGER

ATTEST:

[Signature]
Agency Secretary

APPROVED AS TO FORM
ALESHIRE & WYNDER, LLP

[Signature]
City Attorney

[END OF SIGNATURES]

State of California)
County of Orange)

On March 8, 2011, before me, Denise Basham, Notary Public,
(here insert name and title of the officer)

personally appeared John B. Bahorski,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument, and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Denise Basham



State of California)
County of Orange)

On _____, before me, _____, Notary Public,
(here insert name and title of the officer)

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument, and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

EXHIBIT "1"

TO QUITCLAIM DEED

LEGAL DESCRIPTION

That certain real property located in the City of Cypress, County of Orange, State of California legally described as follows:

PARCEL A:

PARCEL 7 OF PARCEL MAP 96-121, IN THE CITY OF CYPRESS, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 298, PAGE(S) 13 TO 16 INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA.

PARCEL B:

APPURTENANT EASEMENTS TO USE, MAINTAIN, OPERATE, ALTER, REPAIR, REPLACE, RECONSTRUCT AND INSPECT THE UTILITIES, AS SAID EASEMENT IS SET FORTH IN THAT CERTAIN RECIPROCAL UTILITIES EASEMENT AGREEMENT RECORDED JULY 31, 1991, AS INSTRUMENT NO. 91-404179, OF OFFICIAL RECORDS.

PARCEL C:

AN APPURTENANT EASEMENT FOR STORM DRAINAGE, AS SAID EASEMENT IS SET FORTH IN THAT CERTAIN GRANT OF DRAINAGE EASEMENT RECORDED SEPTEMBER 11, 1990, AS INSTRUMENT NO. 90-482118. AS AMENDED BY THAT CERTAIN AMENDMENT TO DRAINAGE EASEMENT RECORDED JANUARY 18, 1991, AS INSTRUMENT NO. 91-026004, AND ALSO AS AMENDED BY THAT CERTAIN GRANT OF EASEMENTS AND AGREEMENT REGARDING DRAINAGE EASEMENT RECORDED JUNE 3, 1997, AS INSTRUMENT NO. 19970253674, ALL OF OFFICIAL RECORDS.

PARCEL D:

PARCEL 8 OF PARCEL MAP NO. 96-121, IN THE CITY OF CYPRESS, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 298, PAGE(S) 13 TO 16 INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA.

PARCEL E:

APPURTENANT EASEMENTS TO USE, MAINTAIN, OPERATE, ALTER, REPAIR, REPLACE, RECONSTRUCT AND INSPECT THE UTILITIES, AS SAID EASEMENT IS

SET FORTH IN THAT CERTAIN RECIPROCAL UTILITIES EASEMENT AGREEMENT RECORDED JULY 31, 1991, AS INSTRUMENT NO. 91-404179, OF OFFICIAL RECORDS.

PARCEL F:

AN APPURTENANT EASEMENT FOR STORM DRAINAGE, AS SAID EASEMENT IS SET FORTH IN THAT CERTAIN GRANT OF DRAINAGE EASEMENT RECORDED SEPTEMBER 11, 1990, AS INSTRUMENT NO. 90-482118. AS AMENDED BY THAT CERTAIN AMENDMENT TO DRAINAGE EASEMENT RECORDED JANUARY 18, 1991, AS INSTRUMENT NO. 91-026004, AND ALSO AS AMENDED BY THAT CERTAIN GRANT OF EASEMENTS AND AGREEMENT REGARDING DRAINAGE EASEMENT RECORDED JUNE 3, 1997, AS INSTRUMENT NO. 19970253674, ALL OF OFFICIAL RECORDS.

PARCEL G:

PARCEL 9 OF PARCEL MAP NO. 96-121, IN THE CITY OF CYPRESS, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 298, PAGE(S) 13 TO 16 INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA.

PARCEL H

APPURTENANT EASEMENTS TO USE, MAINTAIN, OPERATE, ALTER, REPAIR, REPLACE, RECONSTRUCT AND INSPECT THE UTILITIES, AS SAID EASEMENT IS SET FORTH IN THAT CERTAIN RECIPROCAL UTILITIES EASEMENT AGREEMENT RECORDED JULY 31, 1991, AS INSTRUMENT NO. 91-404179, OF OFFICIAL RECORDS.

PARCEL I:

A NON-EXCLUSIVE, PERPETUAL EASEMENTS FOR PEDESTRIAN AND VEHICULAR ACCESS AND FOR INSTALLATION AND MAINTENANCE PURPOSES, AS SAID EASEMENT IS SET FORTH IN THAT CERTAIN ACCESS AND UTILITY EASEMENT AGREEMENT RECORDED SEPTEMBER 11, 1990 AS INSTRUMENT NO. 90-482112, AS AMENDED BY THAT CERTAIN AMENDMENT TO ACCESS AND UTILITY EASEMENT AGREEMENT RECORDED JANUARY 18, 1991, AS INSTRUMENT NO. 91-025992, AND AS FURTHER AMENDED BY THAT CERTAIN SECOND AMENDMENT RECORDED OCTOBER 9, 1997, AS INSTRUMENT NO. 19970507990, ALL OF OFFICIAL RECORDS.

PARCEL J:

AN APPURTENANT EASEMENT FOR STORM DRAINAGE, AS SAID EASEMENT IS SET FORTH IN THAT CERTAIN GRANT OF DRAINAGE EASEMENT RECORDED SEPTEMBER 11, 1990, AS INSTRUMENT NO. 90-482118. AS AMENDED BY THAT CERTAIN AMENDMENT TO DRAINAGE EASEMENT RECORDED JANUARY 18, 1991, AS INSTRUMENT NO. 91-026004, AND ALSO AS AMENDED BY THAT CERTAIN

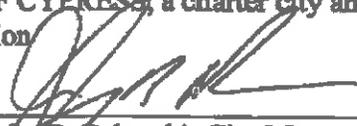
**GRANT OF EASEMENTS AND AGREEMENT REGARDING DRAINAGE EASEMENT
RECORDED JUNE 3, 1997, AS INSTRUMENT NO. 19970253674, ALL OF OFFICIAL
RECORDS.**

APN: 241-091-22 and 241-091-23 and 241-091-24 and 241-091-25 and 241-091-26.

CERTIFICATE OF ACCEPTANCE

This to certify that the interest in real property and other interests conveyed by the foregoing Quitclaim Deed, dated March 8, 2011, from the Cypress Redevelopment Agency, a public body, corporate and politic ("Grantor"), to the City of Cypress, a charter city and municipal corporation ("Grantee"), is hereby accepted by the undersigned officer of the Grantee City of Cypress, on behalf of the Grantee City of Cypress, pursuant to authority conferred by Resolution No. 554 of the City Council of the City of Cypress adopted on February 23, 1965, and the Grantee City of Cypress, consents to the recordation thereof by its undersigned duly authorized officer.

CITY OF CYPRESS, a charter city and municipal corporation

By: 
John B. Bahorski, City Manager

Dated: March 8, 2011

ATTEST:

Denise Basham
City Clerk

State of California)
County of Orange)

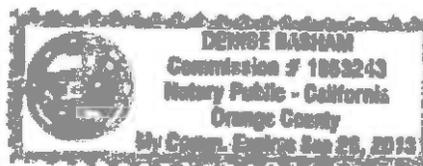
On March 8, 2011, before me, Denise Basham, Notary Public,
(here insert name and title of the officer)
personally appeared John B. Bahorski

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Denise Basham



Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5D

From: Successor Agency to the Fountain Valley Agency for Community Development

Subject: Resolution of the Countywide Oversight Board Approving the Fountain Valley Recognized Obligation Payment Schedule (ROPS) 19-20 A-B

Recommended Action:

Adopt resolution approving the Fountain Valley Successor Agency Recognized Obligation Payment Schedule for the 19-20 A-B Fiscal Period of July 1, 2019 to June 30, 2020 (“ROPS 19-20 A-B”) and Administrative Budget for Fiscal Year 19-20

The Successor Agency to the Fountain Valley Agency for Community Development (“Successor Agency”) requests approval of its Recognized Obligation Payment Schedule for the 19-20 A-B annual fiscal period of July 1, 2019 to June 30, 2020 (“ROPS 19-20 A-B”) and approval of the administrative budget for fiscal year 19-20, subject to submittal to and review by the State Department of Finance (“DOF”).

Under Section 34171(h), the ROPS is "the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each fiscal year as provided in subdivision (o) of Section 34177." Under the mandatory dates in the Dissolution Law, the Successor Agency must submit a copy of the ROPS 19-20 A-B, after approval from the Orange Countywide Oversight Board (“Oversight Board”), and transmittal to the County Administrative Officer (“CAO”), County Auditor-Controller (“CAC”), State Controller’s Office (“SCO”), and DOF by February 1, 2019.

The ROPS 19-20 A-B contains many of the same enforceable obligations listed on the ROPS 18-19 A-B. There are no new line items on the ROPS 19-20 A-B, which include:

- *Owner Participation Agreement - Fry’s (Line Item 6):* Item 6 is an enforceable obligation pursuant to an Owner Participation Agreement with Fry’s Electronics, Inc. entered into prior to dissolution;
- *Palm Island Development Agreement (Line Item 9):* Item 9 is an enforceable obligation pursuant to an Owner Participation Agreement with Fountain Valley Senior Housing, LLC entered into prior to dissolution;
- *Successor Agency Administration (Line Item 10):* The administrative allowance is limited to the greater of \$250,000 per year, or three percent (3%) of the Redevelopment Property Tax Trust Fund (“RPTTF”) distributed in the prior fiscal year, excluding the administrative allowance and any City/Former Agency loan repayments. However, under Section 34171(b)(4) the administrative allowance cannot exceed 50 percent (50%) of RPTTF distributed in the prior fiscal year, excluding the administrative allowance and any City/Former Agency loan repayments. In the ROPS 18-19 A-B period, the Successor Agency received \$92,022 of RPTTF, excluding all administrative allowance; however, under Section 34171(b)(4), the maximum RPTTF that can be distributed in ROPS 19-20 A-B is \$46,011, which is the amount that the Successor Agency is requesting.

The Successor Agency adopted a resolution (copy attached) approving the ROPS 19-20 A-B and Fiscal Year 19-20 administrative budget at its meeting on December 18, 2018. After review and action by this Oversight Board, if approved, then Successor Agency staff will transmit ROPS 19-20 A-B to the DOF, with copies to the CAO, CAC, and SCO. Upon receipt of an oversight board-approved ROPS, DOF has 45 days to make its determination of the enforceable obligations, including amounts and funding sources. Within five business days of DOF's determination, the Successor Agency may request additional review and an opportunity to meet and confer on disputed items. DOF has until 15 days prior to the date for property tax distribution to make its final decision after the meet and confer. The RPTTF distribution dates for the ROPS 19-20A period and 19-20B period are on or about June 1, 2019 and January 2, 2020, respectively.

Impact on Taxing Entities

The proposed ROPS 19-20 A-B will reduce the RPTTF distribution to all other taxing entities by \$146,011 in the 19-20 A period and by \$250,000 in the 19-20 B period.

Attachments

1. Orange Countywide Oversight Board Resolution Approving the ROPS 19-20
2. Exhibit A: Recognized Obligation Payment Schedule 19-20 A-B
3. Exhibit B: Fiscal Year 19-20 Administrative Budget
4. Successor Agency Resolution Approving ROPS 19-20 A-B

Resolution No. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE FOUNTAIN VALLEY AGENCY FOR COMMUNITY DEVELOPMENT APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B FOR THE ANNUAL FISCAL PERIOD OF JULY 1, 2019 TO JUNE 30, 2020, INCLUDING THE FY 19-20 ADMINISTRATIVE BUDGET, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE STATE DEPARTMENT OF FINANCE PURSUANT TO DISSOLUTION LAW, AND AUTHORIZING POSTING AND TRANSMITTAL THEREOF

WHEREAS, the Fountain Valley Agency for Community Development (“Former Agency”) was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Fountain Valley (“City”); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation (“Dissolution Law”); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Law, and as a separate public entity, corporate and politic the Successor Agency to the Fountain Valley Agency for Community Development (“Successor Agency”) administers the enforceable obligations of the Former Agency and otherwise unwinds the Former Agency’s affairs, all subject to the review and approval by a seven-member oversight board; and

WHEREAS, pursuant to Section 34179(j) of the Dissolution Law, in nearly every California county there shall be only one oversight board that is staffed by the county’s auditor-controller; and

WHEREAS, as of and after July 1, 2018, the Orange Countywide Oversight Board (“Oversight Board”) has jurisdiction over the Successor Agency and all other successor agencies in Orange County; and

WHEREAS, every oversight board, both the prior local oversight board and this newly established Oversight Board, have fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of the Dissolution Law; and

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each ROPS is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State Department of Finance (“DOF”); and

WHEREAS, Section 34177(o) of the Dissolution Law requires that the annual ROPS for the 19-20 A-B fiscal period of July 1, 2019 to June 30, 2020 (“ROPS 19-20 A-B”) shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2019; and

WHEREAS, the ROPS 19-20, in the form required by DOF, is attached as Exhibit A and the Fiscal Year (“FY”) 19-20 Administrative Budget is attached as Exhibit B, and both attachments are fully incorporated by this reference; and

WHEREAS, the Oversight Board held a regular meeting on January 22, 2019; and

WHEREAS, the Oversight Board has reviewed and considered the Successor Agency’s ROPS 19-20 A-B and desires to approve it and authorize and direct the Successor Agency staff to transmit the ROPS 19-20 A-B to the DOF, with copies to the County Executive Officer (“CEO”), County Auditor-Controller (“CAC”), and the State Controller’s Office (“SCO”) as required under the Dissolution Law;

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The Oversight Board hereby approves ROPS 19-20 A-B submitted therewith and incorporated by this reference, including the FY 19-20 administrative budget included herewith.

Section 3. The Oversight Board authorizes transmittal of the ROPS 19-20 A-B to the DOF, with copies to the CEO, the CAC, and the SCO.

Section 4. The City of Fountain Valley’s Finance Director/Treasurer or his authorized designee is directed to post this Resolution, including the ROPS 19-20 A-B, on the City/Successor Agency website pursuant to the Dissolution Law.

Section 5. Under Section 34179(h), written notice and information about certain actions taken by the Orange Countywide Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF’s choosing. The Orange Countywide Oversight Board’s action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

Section 6. The Clerk of the Board shall certify to the adoption of this Resolution.

EXHIBIT A

SUCCESSOR AGENCY TO THE FOUNTAIN VALLEY AGENCY FOR COMMUNITY
DEVELOPMENT RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Fountain Valley
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 146,011	\$ 250,000	\$ 396,011
F RPTTF	100,000	250,000	350,000
G Administrative RPTTF	46,011	-	46,011
H Current Period Enforceable Obligations (A+E):	\$ 146,011	\$ 250,000	\$ 396,011

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

Fountain Valley 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	19-20A (July - December)					Q	19-20B (January - June)					W	
											Fund Sources						Fund Sources						
											L	M	N	O	P		R	S	T	U	V		
																							Bond Proceeds
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total	
6	OPA - Fry's	OPA/DDA/Construction	7/6/1993	7/14/2025	Fry's Electronics Inc.	Assistance for development of site	Industrial Area	\$ 5,905,000	N	\$ 396,011	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 46,011	\$ 146,011	\$ 0	\$ 0	\$ 0	\$ 250,000	\$ 0	\$ 250,000	
9	Palm Island Dev. Agreement	OPA/DDA/Construction	2/2/1999	11/16/2026	Fountain Valley Senior Housing, LLC	Financial assistance for retirement community	Industrial Area	2,915,000	N	\$ 250,000				100,000		\$ 100,000				250,000		\$ 250,000	
10	Successor Agency Administration	Admin Costs	2/1/2012	11/16/2026	City, Attorneys, Consultants	Salary, benefits, insurance, contract services	Industrial Area	2,090,000	N	\$ 46,011					46,011	\$ 46,011							\$ -
18	Housing Successor Entity Administrative Cost Allowance	Housing Entity Admin Cost	7/1/2015	6/30/2016	Housing Successor Entity	Administrative costs of the Housing Successor Entity	Industrial Area		N	\$ -						\$ -							\$ -
19									N	\$ -						\$ -							\$ -
20									N	\$ -						\$ -							\$ -
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Fountain Valley Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H	
		Fund Sources						
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments	
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount			257,978	22,750		Column E: Prior ROPS RPTTF remaining from ROPS 15-16 period	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					1,665,042		
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)					1,411,938		
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)			257,978	22,750		Column E: Balance applied to ROPS 18-19 Items 6 and 9. Column F: Other Funds applied to ROPS 17-18 Item 9	
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					253,104	
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		

EXHIBIT B

**SUCCESSOR AGENCY TO THE FOUNTAIN VALLEY AGENCY FOR COMMUNITY
DEVELOPMENT FISCAL YEAR 19-20 ADMINISTRATIVE BUDGET**

EXHIBIT B

SUCCESSOR AGENCY TO THE FOUNTAIN VALLEY AGENCY FOR COMMUNITY DEVELOPMENT

ADMINISTRATIVE BUDGET FISCAL YEAR 2019-20

FOR JULY 1, 2019 to JUNE 30, 2020

Expense Category	Responsibilities	FY 2019-20 Proposed Budget
Salaries and Wages		
Staff salaries, benefits, and payroll taxes	<ul style="list-style-type: none"> • Process payment of enforceable obligations • Maintain documentation of Agency financial and other records • Coordinate with consultant to answer questions and provide documentation as requested by Oversight Board, County Auditor-Controller, and Department of Finance • Coordinate with auditors to audit Successor Agency fund • Coordinate and hold Successor Agency meetings 	\$28,011
TOTAL		\$28,011
Maintenance and Operations		
Contract services	<ul style="list-style-type: none"> • Prepare ROPS, PPA, staff reports, and resolutions • Coordinate with and answer questions for Oversight Board, County Auditor-Controller, and Department of Finance • Monitor and project cash flow to ensure sufficient revenues for obligations and to inform Agency staff of expected revenues 	\$5,000
Accounting Fees	<ul style="list-style-type: none"> • Prepare the Successor Agency portion of the audited financial statements/CAFR 	\$5,000
Insurance and legal services	<ul style="list-style-type: none"> • Review staff reports and resolutions • Provide legal services as needed 	\$5,000
Operating and overhead costs	<ul style="list-style-type: none"> • Successor Agency share of City Hall overhead and operating costs (supplies, utilities, etc.) 	\$3,000
TOTAL		\$18,000
TOTAL BUDGET		\$46,011

SUCCESSOR AGENCY RESOLUTION NO. 25

RESOLUTION OF THE SUCCESSOR AGENCY TO THE FOUNTAIN VALLEY AGENCY FOR COMMUNITY DEVELOPMENT APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B FOR THE ANNUAL FISCAL PERIOD OF JULY 1, 2019 TO JUNE 30, 2020, INCLUDING THE FY 19-20 ADMINISTRATIVE BUDGET, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD AND THE STATE DEPARTMENT OF FINANCE PURSUANT TO DISSOLUTION LAW; AUTHORIZING THE POSTING AND TRANSMITTAL THEREOF

WHEREAS, the Fountain Valley Agency for Community Development ("Former Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code ("HSC") Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Fountain Valley ("City"); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation, and most recently by Senate Bill 107 (together, the "Dissolution Law"); and

WHEREAS, as of February 1, 2012 the Former Agency was dissolved under the Dissolution Law, and as a separate public entity, corporate and politic the Successor Agency to the Fountain Valley Agency for Community Development ("Successor Agency") administers the enforceable obligations of the Former Agency and otherwise unwinds the Former Agency's affairs, all subject to the review and approval by a seven-member oversight board; and

WHEREAS, pursuant to Section 34179(j) of the Dissolution Law, in every California county there shall be one oversight board that is staffed by the county's auditor-controller; and

WHEREAS, the applicable consolidated oversight board overseeing this Successor Agency is called the Orange Countywide Oversight Board ("Oversight Board"); and

WHEREAS, every oversight board, both the prior local oversight board and this newly established Oversight Board, has fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of the Dissolution Law; and

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each ROPS is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State Department of Finance ("DOF"); and

WHEREAS, Section 34177(o) of the Dissolution Law requires that the annual ROPS for the 19-20 A-B fiscal period of July 1, 2019 to June 30, 2020 ("ROPS 19-20 A-B") shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2019; and

WHEREAS, Section 34177(j) of the Dissolution Law requires the Successor Agency to prepare an administrative budget and submit it to the Oversight Board for approval; and

WHEREAS, the ROPS 19-20 A-B, in the form required by DOF, is attached as Exhibit A and the Fiscal Year ("FY") 2019-20 Administrative Budget is attached as Exhibit B, and both attachments are fully incorporated by this reference; and

WHEREAS, the Successor Agency has reviewed the ROPS 19-20 A-B along with the FY 2019-20 Administrative Budget and desires to approve this schedule and to authorize and direct the Successor Agency staff to transmit the ROPS 19-20 A-B to the Oversight Board, with copies to the Orange County Administrative Officer ("CAO"), Orange County Auditor-Controller ("CAC"), the State Controller's Office ("SCO") and DOF as required by Dissolution Law.

NOW, THEREFORE, BE IT RESOLVED BY THE SUCCESSOR AGENCY TO THE FOUNTAIN VALLEY AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The Successor Agency hereby approves the ROPS 19-20 A-B including the FY 2019-20 Administrative Budget submitted herewith and fully incorporated by this reference.

Section 3. The Successor Agency hereby authorizes and directs transmittal of the ROPS 19-20 A-B, with the FY 2019-20 Administrative Budget to the Oversight Board and then to the DOF and other bodies as required by law.

Section 4. The Director of Finance/Treasurer of the Successor Agency or his authorized designee is directed to post this Resolution, including the ROPS 19-20 A-B, on the Successor Agency website pursuant to the Dissolution Law, and to take such other actions required under the Dissolution Law, including Sections 34177 and 34179.

Section 5. The Secretary of the Successor Agency shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 18th day of December 2018, by the following vote:

AYES:	Constantine, Harper, Vo, Brothers, Nagel
NOES:	None
ABSENT:	None
ABSTAIN:	None



Steve Nagel, Chair
Successor Agency to the Fountain Valley Agency
for Community Development

ATTEST:



Rick Miller, Secretary
Successor Agency to the Fountain Valley Agency for Community Development

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF FOUNTAIN VALLEY)

I, Rick Miller, Secretary of the Successor Agency to the Fountain Valley Agency for Community Development, hereby certify that the foregoing resolution was duly adopted by the Successor Agency at a regular meeting held on the 18th day of December 2018, and that it was so adopted by the following vote:

AYES:	Constantine, Harper, Vo, Brothers, Nagel
NOES:	None
ABSENT:	None
ABSTAIN:	None



Rick Miller, Secretary
Successor Agency to the Fountain Valley Agency
for Community Development

(SEAL)

EXHIBIT A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Fountain Valley
 County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 146,011	\$ 250,000	\$ 396,011
F RPTTF	100,000	250,000	350,000
G Administrative RPTTF	46,011	-	46,011
H Current Period Enforceable Obligations (A+E):	\$ 146,011	\$ 250,000	\$ 396,011

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.

Steve A. Nagel, Mayor
 Name Title
 /s/ *Steve A. Nagel* 12-19-19
 Signature Date

Fountain Valley Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H	
		Fund Sources						
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments	
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount			257,978	22,750		Column E: Prior ROPS RPTTF remaining from ROPS 15-16 period	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					1,665,042		
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)					1,411,938		
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)			257,978	22,750		Column E: Balance applied to ROPS 18-19 Items 6 and 9. Column F: Other Funds applied to ROPS 17-18 Item 9	
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					253,104	
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)							
		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		

EXHIBIT B

FISCAL YEAR 19-20 ADMINISTRATIVE BUDGET

EXHIBIT B

SUCCESSOR AGENCY TO THE FOUNTAIN VALLEY AGENCY FOR COMMUNITY DEVELOPMENT

ADMINISTRATIVE BUDGET FISCAL YEAR 2019-20

FOR JULY 1, 2019 to JUNE 30, 2020

Expense Category	Responsibilities	FY 2019-20 Proposed Budget
Salaries and Wages		
Staff salaries, benefits, and payroll taxes	<ul style="list-style-type: none"> • Process payment of enforceable obligations • Maintain documentation of Agency financial and other records • Coordinate with consultant to answer questions and provide documentation as requested by Oversight Board, County Auditor-Controller, and Department of Finance • Coordinate with auditors to audit Successor Agency fund • Coordinate and hold Successor Agency meetings 	\$28,011
TOTAL		\$28,011
Maintenance and Operations		
Contract services	<ul style="list-style-type: none"> • Prepare ROPS, PPA, staff reports, and resolutions • Coordinate with and answer questions for Oversight Board, County Auditor-Controller, and Department of Finance • Monitor and project cash flow to ensure sufficient revenues for obligations and to inform Agency staff of expected revenues 	\$5,000
Accounting Fees	<ul style="list-style-type: none"> • Prepare the Successor Agency portion of the audited financial statements/CAFR 	\$5,000
Insurance and legal services	<ul style="list-style-type: none"> • Review staff reports and resolutions • Provide legal services as needed 	\$5,000
Operating and overhead costs	<ul style="list-style-type: none"> • Successor Agency share of City Hall overhead and operating costs (supplies, utilities, etc.) 	\$3,000
TOTAL		\$18,000
TOTAL BUDGET		\$46,011

Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5E

From: Successor Agency to the Fullerton Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (ROPS) and Administrative Budget

Recommended Action:

Approve resolution approving FY 2019-20 ROPS and Administrative Budget for the Fullerton Successor Agency

The Fullerton Successor Agency requests approval of the Resolution (see Attachment 1) approving Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2019-20 (see Attachment 2).

The purpose of the Recognized Obligation Payment Schedule (ROPS) is to identify the funds needed to carry out the dissolution process of the former Fullerton Redevelopment Agency, and to set forth the payment amounts and due dates for all existing financial obligations. ROPS shall be forward looking and prepared annually until all debt is repaid. Attached is the proposed ROPS 19-20 for the time period of July 1, 2019 through June 30, 2020. ROPS 19-20 must be submitted to the State Department of Finance (DOF) by February 1, 2019 for their review and approval.

Included in the ROPS 2019-20 are all of the enforceable obligations of the Fullerton Successor Agency requiring payments during Fiscal Year 2019-20. These obligations include annual bond debt service payments, leases, cooperation agreements, a purchase and sale agreement, ongoing programs, a stipulated judgment, and an administrative cost allowance.

More specifically, the Fullerton Successor Agency has the following three remaining bonds that are outstanding:

ROPS Item No.	Bond Name	Term Ends
4	2005 Tax Allocation Bonds	2027-28
6	2010 Taxable Tax Allocation Housing Bonds	2026-27
60	2015 Tax Allocation Refunding Bonds (refunded 1998 Revenue Bonds)	2024-25
49	Annual bank trustee fees for bonds	Until all bonds are paid

Item No. 4

The 2005 Tax Allocation Revenue Bonds were issued in 2005 in the amount of \$74,600,000 for the purpose of financing capital improvement projects in the project areas. The bonds are secured by property tax revenues derived from each project area. Repayment commenced on March 1, 2006 with interest rates ranging from 3.75% to 5.00%. The final maturity date is September 1, 2027. Interest and principal payments are due semiannually and annually, respectively. The outstanding balance is \$ 61,879,460. All 2005 bond proceeds have been expended. The funds were used to construct the Fullerton Community Center and Fullerton Library Expansion projects. Other projects funded include a parking structure, street grade separation, public park projects, numerous street improvements and street light projects.

Item No. 6

The 2010 Tax Allocation Housing Bonds were issued in 2010 in the amount of \$28,980,000 for the purpose of financing low and moderate income housing in the City. The bonds are secured by property tax revenues derived from each project area. Repayment commenced on March 1, 2011 with interest rates ranging from 3.00% to 6.63%. The final maturity date is September 1, 2026. Interest and principal payments are due semiannually and annually, respectively. The outstanding balance is \$ 22,256,760. The bond proceeds have been used for six affordable housing development projects that created 252 affordable units.

Item No. 60

The 2015 Tax Allocation Refunding Bonds were issued in 2015 in the amount of \$11,975,000 for the purpose of prepaying a financing agreement entered into by the former redevelopment agency and to refund certain outstanding bonds issued by the 1998 Financing Agreement. The bonds are secured by property tax revenues derived from each project area. Repayment commenced on March 1, 2016 with interest rates ranging from 3.00% to 5.00%. The final maturity date is March 1, 2025. Interest and principal payments are due semiannually and annually, respectively. The outstanding balance is \$ 22,256,760.

Item No. 49

Annual bank trustee fees for bonds.

In addition to the bonds debt service payments there are two property leases and a purchase and sale agreement:

ROPS Item No.	Lease Reference Name	Term Ends	Purpose
9	Fullerton Arboretum	December 3, 2020	Development and use of park premises and facilities.
11	Miller Property Lease	August 1, 2024	Use of premises. Currently used for public parking.
62	Miller Property Purchase	2024	Purchase and Sale agreement when lease expires

Item No. 9

The Fullerton Arboretum Authority Agreement was entered into on March 24, 1976 between the Fullerton Redevelopment Agency and the Trustees of California State University and Colleges. The purpose of the agreement is for the development (acquisition and construction), maintenance and operation of public facilities at the arboretum and botanical gardens. The term of the agreement ends on December 3, 2020.

Item No. 11

The Miller Property Lease Agreement (127 West Chapman Avenue, Fullerton, California) was entered into on July 6, 2004 between Ronald F. Miller, Ronald F. Miller Family Trust, and the Fullerton Redevelopment Agency. The purpose of the lease agreement is lease the premises for public parking. The lease expires on July 31, 2024.

Item No. 62

The Miller property purchase Agreement for Sale and Purchase of Real Estate (127 West Chapman Avenue, Fullerton, California) between Ronald F. Miller, Ronald F. Miller Family Trust, (Seller) and the Fullerton Redevelopment Agency (Buyer) was entered on July 6, 2004. The agreement provides for the purchase of the property when the lease expires.

Other items include the following:

ROPS Item No.	Description	Term	Purpose
24	Commercial Seismic and Rehabilitation Loan	Annual until loans are paid off	There are over 50 commercial seismic and rehabilitation loans that require billing, payment processing and monitoring.
27	Administrative Cost Allowance	Annual until dissolution is complete	Allowed annual administrative cost for successor agency operations

Item No. 24

The former redevelopment agency issues several types of loans including seismic loans, commercial tenant rehabilitation loans, and a school expansion loan. There are currently over 50 of these loans that require billing, payment processing and monthly monitoring.

Item No. 27

The administrative budget amount being requested is \$271,837 for FY 2019-20 calculated per the department of finance guidelines. If approved, this amount will be allocated to staff salaries, and operations costs including supplies, postage, printing, legal and professional contractual services.

With regards to previously denied ROPS Items: 19, 20, 23, 25, 28, and 30, staff continues to include these per our legal counsel's advice, due to pending litigation. The outcome of the litigation may cause the State Department of Finance to change their determination to continue to deny these items in the future. Below is a list of the previously denied items.

ROPS Item No.	Description	Purpose
19	City/Agency Cooperative Agreement Jan 2011	Capital Improvements: Harbor Blvd slope stabilization, Truslow Ave lighting improvements, transportation center parking structure, and graffiti removal
20	City/Agency Cooperative Agreement June 2011	Street and curb/gutter/sidewalk reconstruction, transportation center steel stairway safety refurbishment, Downtown art and State College Grade Separation.
23	Affordable Housing Project Monitoring	Annually inspect and monitor 17 affordable housing projects with long term covenants.
25	Stipulated Judgement	Enforce requirements placed on development of affordable housing units
28	Affordable Housing Project Administration and Reporting	Administer over 50 down payment assistance loans and two home ownership projects with 45 affordable housing agreements, and prepare required annual reports to State and Federal agencies.
30	Capital Improvement Projects (four)	Construction Program Management for Truslow Street Lights, Harbor Blvd. Slope Stabilization, Hillcrest Park Improvements, and Fullerton Transportation Center Parking Garage

Items No. 19 and 20

City/Agency cooperation agreements were commonly used for joint capital improvement projects. California Health and Safety Code expressly allowed redevelopment agencies to fund publicly owned improvements, like the public improvements subject to the cooperation agreements, so long as certain findings were made under Health and Safety Code Sections 33445, or if applicable 33445.1. In accordance with those sections, both the City and the agency found, conclusively, that the public improvements would benefit the merged project areas, no other reasonable means of financing the public improvements were available, use of the agency's tax increment for public improvement assisted with the agency's goal to reduce or eliminate blight, and use of the agency's tax increment would be consistent with the agency's Five-Year Implementation Plan.

The January 2011 agreement provides funding of public improvement projects (Lemon Street/Truslow Avenue Street Light Installation, Brea Dam/Harbor Blvd Slope Stabilization, Fullerton Transportation Center Parking Structure, Hillcrest Rehabilitation, Downtown Core and Corridors Specific Plan and Program Environmental Impact Report, and graffiti removal). The June 2011 provides funding for public improvement projects including arterial street reconstruction, rehabilitation and repair; curb, gutter and sidewalk reconstruction, transportation center refurbishment of steel stairway safety refurbishment, and State College Grade separation project.

Item No. 23

Since 1992, the agency entered into development agreements for the construction of 17 affordable housing projects. Per the agreements, in order to ensure the affordability covenants are enforced, it is necessary for staff to conduct annual monitoring and inspections of each unit. Subsequent to inspections, staff is required to prepare reports to submit to property owners, and the Department of Housing and Community Development. Most of the covenants continue for 55 years and some as long as 98 years.

Item No. 25

A Stipulated Judgement (*Ivens et al. v. City of Fullerton et al.* Case No 670579 (Orange County)) was entered into on July 20, 1992 requiring that for every unit assisted that services families with incomes exceeding 50% of the median, the agency must provide one that service families below 50% of median. There is no specific financial obligation for this item and the agency no longer receives low and moderate income housing funds after the dissolution of the redevelopment agencies. In July 2012, the agency received a letter from the Western Center on Law & Poverty requesting that the stipulated judgement be included in the ROPS.

Item No. 28

The agency issued over 69 down payment assistance loans, and 45 affordable ownership housing agreement that require staff to manage and prepare annual State and Federal reports. In addition, staff manages the preparation of appraisals, subordination agreements, and reviews refinancing documents when necessary.

Item No. 30

On January 29, 2011, the city and agency entered into a Cooperation Agreement in the amount of \$14.1million for the funding of capital improvement projects including the Harbor Boulevard slope stabilization project, Fullerton Transportation Center parking structure, Maple Avenue street lighting improvements, and graffiti removal services. On March 8, 2011, the City entered into a private third-party contract with Griffin Structures, Inc. for professional services to manage implementation of the capital improvement projects.

On January 15, 2019, the Fullerton Successor Agency Board approved SA Resolution No 2019-01 approving ROPS 19-20 and administrative budget allowance for the period covering July 1, 2019 – June 30, 2020 (see Attachment 3).

Impact on Taxing Entities

The affected taxing entities will continue to receive the statutory pass-through payments as in previous years.

Attachments

Attachment 1 – Orange Countywide Oversight Board Resolution

Attachment 2 – Fullerton Successor Agency Recognized Obligation Payment Schedule 2019-20 and Administrative Budget Allowance

Attachment 3 – SA Resolution No 2019-01 approving ROPS 19-20 and administrative budget allowance for the period covering July 1, 2019 – June 30, 2020

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD, CALIFORNIA, APPROVING AND ADOPTING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 2019-2020 AND ADMINISTRATIVE BUDGET ALLOWANCE (PERIOD COVERING JULY 1, 2019 – JUNE 30, 2020) OF THE FULLERTON SUCCESSOR AGENCY

WHEREAS, the Fullerton Successor Agency to the Fullerton Redevelopment Agency (the "Successor Agency") has been established to take certain actions to wind down the affairs of the Fullerton Redevelopment Agency in accordance with the Health and Safety Code; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(2)(B), the Recognized Obligation Payment Schedule (ROPS) prepared by the Successor Agency is to be submitted to the Orange Countywide Oversight Board for their approval; and

WHEREAS, the ROPS contains a list of enforceable obligations including, but not limited to, the following: 1) contracts, leases and agreements; 2) existing bond debt; and 3) administrative cost allowance; and

WHEREAS, the ROPS includes all the funds the Fullerton Successor Agency will need to carry out the dissolution process of the former Fullerton Redevelopment Agency and pursuant to Health and Safety Code Section 34177(l)(1) shall identify the funding source of payment for the enforceable obligations listed on the ROPS; and

WHEREAS, the Fullerton Successor Agency staff has now prepared the Recognized Obligation Payment Schedule 2019-2020 and administrative budget allowance for the time period of July 1, 2019 – June 30, 2020; and

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD, as follows:

Section 1. The above recitals are true and correct and incorporated by reference herein.

Section 2. The Recognized Obligation Payment Schedule 2019-2020 and administrative budget allowance (for the time period of July 1, 2019 – June 30, 2020), a copy of which is attached hereto and incorporated herein as Exhibit "A", is hereby approved.

Section 3. Subsequent to the approval of this Resolution by the Orange Countywide Oversight Board this Resolution including the ROPS 2019-2020 shall be transmitted to the State Department of Finance.

Section 4. The Clerk shall certify to the adoption of this Resolution.

EXHIBIT A

Fullerton Successor Agency
Recognized Obligation Payment Schedule 2019-20 (ROPS 2019-20)

[Attached]

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Fullerton
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 11,515,016	\$ 4,367,661	\$ 15,882,677
F RPTTF	11,379,097	4,231,743	15,610,840
G Administrative RPTTF	135,919	135,918	271,837
H Current Period Enforceable Obligations (A+E):	\$ 11,515,016	\$ 4,367,661	\$ 15,882,677

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

Fullerton 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	19-20A (July - December)				Q	
											Fund Sources					
											L	M	N	O		
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total
4	2005 Tax Allocation Bonds	Bonds Issued On or Before	12/1/2005	6/30/2028	US Bank Corporation	Bond issue to fund non-housing	Merged	\$ 121,105,466		\$ 15,882,677	\$ 0	\$ 0	\$ 0	\$ 11,379,097	\$ 135,919	\$ 11,515,016
6	2010 Taxable Tax Allocation Housing Bonds	Bonds Issued On or Before	10/21/2010	6/30/2027	US Bank Corporation	Bond issue for affordable housing	Merged	22,256,760	N	\$ 2,774,045				2,301,382		\$ 2,301,382
9	Lease: Fullerton Arboretum	Miscellaneous	10/5/1977	12/3/2020	Calif. State Univ. Fullerton	Property lease	Merged	373,330	N	\$ 244,006				122,003		\$ 122,003
11	Lease: Ron Miller	Miscellaneous	8/1/2004	8/1/2024	Ronald F Miller Trust	Property lease	Merged	881,379	N	\$ 173,386				86,693		\$ 86,693
19	City/Agency Co-Op Agreement Jan 2011	City/County Loan (Prior 06/28/11), Other	1/29/2011	6/30/2020	City of Fullerton	Harbor Blvd Slope stabilization, Truslow Ave lighting improvements, transportation center parking structure, and graffiti removal.	Merged	14,000,000	N	\$ 2,000,000				1,000,000		\$ 1,000,000
20	City/Agency Co-Op Agreement June 2011	City/County Loan (Prior 06/28/11), Other	6/7/2011	6/30/2020	City of Fullerton	Street and curb/gutter/sidewalk reconstruction, transportation center steel stairwaysafety refurbishment, downtown art and State College Grade Separation.	Merged	1,500,000	N	\$ 1,500,000				500,000		\$ 500,000
23	Affordable Housing Project Monitoring	Unfunded Liabilities	1/1/2014	6/30/2098	Various Consultants and City of Fullerton	Annually inspect and monitor 11 affordable housing projects with long term covenants.	Merged	9,954,000	N	\$ 120,000				60,000		\$ 60,000
24	Commercial Seismic and Rehab Loan Monitoring	Project Management Costs	1/1/2015	6/30/2028	Various Consultants and City of Fullerton	Administer over 100 existing commercial seismic/rehabilitation loans.	Merged	264,000	N	\$ 12,000				6,000		\$ 6,000
25	Stipulated Judgement	Miscellaneous	7/20/1992	6/30/2028	Affordable housing developers	Development of affordable housing units	Merged		N	\$ -						\$ -
27	Administrative Cost Allowance FY 2019-20)	Admin Costs	7/1/2018	6/30/2020	Fullerton Successor Agency	Administrative expenses for Successor Agency	Merged	271,837	N	\$ 271,837					135,919	\$ 135,919
28	Affordable Housing Administration and Reporting	Unfunded Liabilities	1/1/2015	6/30/2020	Various Consultants and City of Fullerton	Administer 69 down payment assistance loan and two home ownership projects with 45 affordable housing agreements, and prepare required annual reports to State and Federal agencies.	Merged	260,000	N	\$ 260,000				130,000		\$ 130,000
30	Capital Improvement Projects (four)	Improvement/Infrastructure	3/8/2011	6/30/2020	Griffin Structures, Inc.	Program Management for Truslow Street Lights, Harbor Blvd, Slop Stabilization, Hillcrest Park Improvements, and Fullerton Transportation Center Parking Garage	Merged	95,000	N	\$ 95,000				47,500		\$ 47,500
49	Bond Debt Service Fees	Fees	7/1/1998	6/30/2028	US Bank and Wells Fargo	Bond Debt Service Fees	Merged	70,000	N	\$ 7,000						\$ -
60	2015 Tax Allocation Refunding Bonds (refunded 1998 Revenue Bonds)	Refunding Bonds Issued After 6/27/12	1/28/2015	12/31/2025	US Bank	Debt service payment on 2015 Tax Allocation Refunding Bonds	Merged	9,299,700	N	\$ 1,961,450				1,801,825		\$ 1,801,825
62	Miller Property Purchase	Miscellaneous	7/6/2004	8/1/2024	Ronald F Miller Family Trust	Purchase of real estate per Purchase and Sale Agreement dated 7/6/2004	Merged		N	\$ -						\$ -
63									N	\$ -						\$ -
64									N	\$ -						\$ -
65									N	\$ -						\$ -
66									N	\$ -						\$ -

R	S	T	U	V	W
19-20B (January - June)					
Fund Sources					
Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
\$ 0	\$ 0	\$ 0	\$ 4,231,743	\$ 135,918	\$ 4,367,661
			1,140,259		\$ 1,140,259
			472,663		\$ 472,663
			122,003		\$ 122,003
			86,693		\$ 86,693
			1,000,000		\$ 1,000,000
			1,000,000		\$ 1,000,000
			60,000		\$ 60,000
			6,000		\$ 6,000
					\$ -
				135,918	\$ 135,918
			130,000		\$ 130,000
			47,500		\$ 47,500
			7,000		\$ 7,000
			159,625		\$ 159,625
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -

Fullerton Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	794,321		2,884,336			E1: Reserve amount (from ROPS 15-16B) for 16-17 bond debt service payments
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	2,730			23,203	8,491,639	F2: Rents
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	485,834		2,884,336		8,478,685	E3: Reserve amount (from ROPS 15-16B) for 16-17 bond debt service payments
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)				13,164		F4: Accruals
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					
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 311,217	\$ 0	\$ 0	\$ 10,039	\$ 12,954	

SA RESOLUTION NO. 2019-01

A RESOLUTION OF THE FULLERTON SUCCESSOR AGENCY OF THE CITY OF FULLERTON, CALIFORNIA, APPROVING AND ADOPTING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 2019-2020 AND ADMINISTRATIVE BUDGET ALLOWANCE (PERIOD COVERING JULY 1, 2019 – JUNE 30, 2020)

WHEREAS, the Fullerton Successor Agency to the Fullerton Redevelopment Agency (the "Successor Agency") has been established to take certain actions to wind down the affairs of the Fullerton Redevelopment Agency in accordance with the Health and Safety Code; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(2)(B), the Recognized Obligation Payment Schedule (ROPS) prepared by the Successor Agency is to be submitted to the Oversight Board for their approval; and

WHEREAS, the ROPS contains a list of enforceable obligations including, but not limited to, the following: 1) contracts, leases and agreements; 2) existing bond debt; and 3) administrative cost allowance; and

WHEREAS, the ROPS includes all the funds the City will need to carry out the dissolution process of the former Fullerton Redevelopment Agency and pursuant to Health and Safety Code Section 34177(l)(1) shall identify the funding source of payment for the enforceable obligations listed on the ROPS; and

WHEREAS, the Successor Agency staff has now prepared the Recognized Obligation Payment Schedule 2019-2020 and administrative budget allowance for the time period of July 1, 2019 – June 30, 2020; and

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY, AS FOLLOWS:

Section 1. The above recitals are true and correct and incorporated by reference herein.

Section 2. The Recognized Obligation Payment Schedule 2019-2020 and administrative budget allowance (for the time period of July 1, 2019 – June 30, 2020), a copy of which is attached hereto and incorporated herein as Exhibit "A", is hereby approved.

Section 3. Subsequent to the approval of this Resolution by the Successor Agency, this Resolution including the ROPS 2019-2020 shall be transmitted to the County Oversight Board.

Section 4. The Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED, and ADOPTED on this 15th day of January, 2019

Jesus j. Silva, Mayor

ATTEST:

Lucinda M. Williams, Secretary

Date

EXHIBIT A

Recognized Obligation Payment Schedule 2019-20 (ROPS 2019-20)

[Attached]

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Fullerton
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 11,515,016	\$ 4,367,661	\$ 15,882,677
F RPTTF	11,379,097	4,231,743	15,610,840
G Administrative RPTTF	135,919	135,918	271,837
H Current Period Enforceable Obligations (A+E):	\$ 11,515,016	\$ 4,367,661	\$ 15,882,677

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

Fullerton 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	19-20A (July - December)				Q	
											Fund Sources					
											L	M	N	O		
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total
4	2005 Tax Allocation Bonds	Bonds Issued On or Before	12/1/2005	6/30/2028	US Bank Corporation	Bond issue to fund non-housing	Merged	\$ 121,105,466		\$ 15,882,677	\$ 0	\$ 0	\$ 0	\$ 11,379,097	\$ 135,919	\$ 11,515,016
6	2010 Taxable Tax Allocation Housing Bonds	Bonds Issued On or Before	10/21/2010	6/30/2027	US Bank Corporation	Bond issue for affordable housing	Merged	22,256,760	N	\$ 2,774,045				2,301,382		\$ 2,301,382
9	Lease: Fullerton Arboretum	Miscellaneous	10/5/1977	12/3/2020	Calif. State Univ. Fullerton	Property lease	Merged	373,330	N	\$ 244,006				122,003		\$ 122,003
11	Lease: Ron Miller	Miscellaneous	8/1/2004	8/1/2024	Ronald F Miller Trust	Property lease	Merged	881,379	N	\$ 173,386				86,693		\$ 86,693
19	City/Agency Co-Op Agreement Jan 2011	City/County Loan (Prior 06/28/11), Other	1/29/2011	6/30/2020	City of Fullerton	Harbor Blvd Slope stabilization, Truslow Ave lighting improvements, transportation center parking structure, and graffiti removal.	Merged	14,000,000	N	\$ 2,000,000				1,000,000		\$ 1,000,000
20	City/Agency Co-Op Agreement June 2011	City/County Loan (Prior 06/28/11), Other	6/7/2011	6/30/2020	City of Fullerton	Street and curb/gutter/sidewalk reconstruction, transportation center steel stairwaysafety refurbishment, downtown art and State College Grade Separation.	Merged	1,500,000	N	\$ 1,500,000				500,000		\$ 500,000
23	Affordable Housing Project Monitoring	Unfunded Liabilities	1/1/2014	6/30/2098	Various Consultants and City of Fullerton	Annually inspect and monitor 11 affordable housing projects with long term covenants.	Merged	9,954,000	N	\$ 120,000				60,000		\$ 60,000
24	Commercial Seismic and Rehab Loan Monitoring	Project Management Costs	1/1/2015	6/30/2028	Various Consultants and City of Fullerton	Administer over 100 existing commercial seismic/rehabilitation loans.	Merged	264,000	N	\$ 12,000				6,000		\$ 6,000
25	Stipulated Judgement	Miscellaneous	7/20/1992	6/30/2028	Affordable housing developers	Development of affordable housing units	Merged		N	\$ -						\$ -
27	Administrative Cost Allowance FY 2019-20	Admin Costs	7/1/2018	6/30/2020	Fullerton Successor Agency	Administrative expenses for Successor Agency	Merged	271,837	N	\$ 271,837					135,919	\$ 135,919
28	Affordable Housing Administration and Reporting	Unfunded Liabilities	1/1/2015	6/30/2020	Various Consultants and City of Fullerton	Administer 69 down payment assistance loan and two home ownership projects with 45 affordable housing agreements, and prepare required annual reports to State and Federal agencies.	Merged	260,000	N	\$ 260,000				130,000		\$ 130,000
30	Capital Improvement Projects (four)	Improvement/Infrastructure	3/8/2011	6/30/2020	Griffin Structures, Inc.	Program Management for Truslow Street Lights, Harbor Blvd, Slop Stabilization, Hillcrest Park Improvements, and Fullerton Transportation Center Parking Garage	Merged	95,000	N	\$ 95,000				47,500		\$ 47,500
49	Bond Debt Service Fees	Fees	7/1/1998	6/30/2028	US Bank and Wells Fargo	Bond Debt Service Fees	Merged	70,000	N	\$ 7,000						\$ -
60	2015 Tax Allocation Refunding Bonds (refunded 1998 Revenue Bonds)	Refunding Bonds Issued After 6/27/12	1/28/2015	12/31/2025	US Bank	Debt service payment on 2015 Tax Allocation Refunding Bonds	Merged	9,299,700	N	\$ 1,961,450				1,801,825		\$ 1,801,825
62	Miller Property Purchase	Miscellaneous	7/6/2004	8/1/2024	Ronald F Miller Family Trust	Purchase of real estate per Purchase and Sale Agreement dated 7/6/2004	Merged		N	\$ -						\$ -
63									N	\$ -						\$ -
64									N	\$ -						\$ -
65									N	\$ -						\$ -
66									N	\$ -						\$ -

R	S	T	U	V	W
19-20B (January - June)					
Fund Sources					
Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
\$ 0	\$ 0	\$ 0	\$ 4,231,743	\$ 135,918	\$ 4,367,661
			1,140,259		\$ 1,140,259
			472,663		\$ 472,663
			122,003		\$ 122,003
			86,693		\$ 86,693
			1,000,000		\$ 1,000,000
			1,000,000		\$ 1,000,000
			60,000		\$ 60,000
			6,000		\$ 6,000
					\$ -
				135,918	\$ 135,918
			130,000		\$ 130,000
			47,500		\$ 47,500
			7,000		\$ 7,000
			159,625		\$ 159,625
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -

Fullerton Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H	
		Fund Sources						
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments	
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	794,321		2,884,336			E1: Reserve amount (from ROPS 15-16B) for 16-17 bond debt service payments	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	2,730			23,203	8,491,639	F2: Rents	
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	485,834		2,884,336		8,478,685	E3: Reserve amount (from ROPS 15-16B) for 16-17 bond debt service payments	
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)				13,164		F4: Accruals	
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						
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 311,217	\$ 0	\$ 0	\$ 10,039	\$ 12,954		

Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5F

From: Successor Agency to the Garden Grove Agency for Community Development

Subject: Resolution of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (ROPS) and Administrative Budget

Recommended Action:

Approve resolution approving FY 2019-20 ROPS and Administrative Budget for the Garden Grove Successor Agency

The Garden Grove Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2019-20.

Enforceable obligations are explained in further details as follows:

- Line Item No. 6 – Anticipated payment due to Katella Cottages Developer when net tax increment exceeds debt service amount pursuant to Promissory Note.
- Line Items No. 7, 14, 39, and 56 – Constitute all bond and/or loan debt service payment obligations per debt service schedules.
- Line Item No. 16 - Required remediation for soil/groundwater monitoring of Sycamore Walk Residential Project per DDA.
- Line Item No. 18 – First Repayment of outstanding ERAF/SERAF Housing Deficit Fund Obligations per Final Determination Letter from the DOF Dated June 12, 2018 (*See Attachment No. 3*).
- Line Item No. 19 - Request is for TOT differential per section 408, paragraph two, of the First Amended and Restated Disposition and Development Agreement for the Waterpark Hotel. This has a Final and Conclusive Determination Letter approved on February 6, 2013 by the DOF (*See Attachment No. 4*).
- Line Item No. 20 – Anticipated expenses for continued implementation of Site B2 DDA. Per the agreement, the former Agency shall pay for all off-site public improvements required by the City and vacate, abandon or relocate all existing utilities on the Site that conflict with the project.
- Line Item No. 22 – Anticipated expenses for continued implementation of Brookhurst Triangle DDA totaling \$398,055. Per the agreement, the former Agency is responsible for demolition and removal of all existing structures and above ground improvements and vacate or abandon all existing utilities on the Site that interfere with the project. Additionally, the DDA requires the Successor Agency to pay to New Age (Developer) \$6,400,000 at the closing of the Phase II Property from its Housing Set Aside Fund if New Age commits to increase the number of affordable rental units from 60 to 120 in accordance with Section 510 of the DDA. New Age has expressed their commitment to increase the number of affordable units and is requesting the Successor Agency pay New Age \$6,400,000 at the closing of the Phase II Property. Due to the implementation of Assembly Bill x1 26 (“AB x1 26”) added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code and which laws were modified, in part, and determined constitutional by the California Supreme Court in the petition California Redevelopment Association, et al. v. Ana Matosantos, et al., Case No. S194861 (“Matosantos Decision”), all cash balances in the Housing Set Aside Fund were distributed to the affected taxing entities upon dissolution of the former Agency. Per DOF Letter dated November 1, 2018, regarding OB Resolution No. 18-007, no determination was made and the request is to be submitted via the ROPS. The Successor Agency is now requesting the \$6,400,000 payment due to the Developer required by Section 510 be paid

from ROPS 19-20. (*See Attachment No. 5*)

- Line Items No. 24 and 37 – Labor cost for continued project coordination of Site B2 (Line No. 20) and Brookhurst Triangle (Line No. 22).
- Line Item No. 25 – Legal expenses related to implementation of enforceable obligations for Line Item No. 19 Waterpark Hotel DDA and Line Item No. 20 Site B2.
- Line Item No. 27 – Cost associated with maintenance of properties pending development or disposition.
- Line Item No 33 and 34 – Proceed distributions due to Mr. Wang and the City for the disposition of Brookhurst Triangle Phase II per Section 30 of the purchase agreement. These funds come from the developer upon transfer of the property by the Successor Agency and are to be listed as “OTHER FUNDS” as previously directed by the DOF.
- Line No. 47 – Appraisals associated with properties listed for sale on the Long Range Property Management Plan needed for determination of value prior to sale.
- Line Item No. 51 – The “housing entity administrative cost allowance” of \$150,000 per fiscal year for the Garden Grove Housing Authority acting as the housing successor as authorized by California Health and Safety Code Section 34171(p). This item has been previously included on prior ROPS, but the DOF continues to deny funding. However, there are several cases pending in the Sacramento Superior Court with rulings both in favor and against successor agencies for this line item, so until the appellate courts resolve the statutory interpretation counsel recommends listing this item per Section 34171(p).
- Line Items No. 52, 53, 54, and 58 account for trustee and dissemination fees associated to bond and/or loan payments.
- Line Item No. 55 – Attorney’s fees per Judgment Court Ruling. (*See Attachment No. 6*)

The Successor Agency administrative budget of \$395,153 listed as Line Item No. 31 will be entirely used for employee salaries. Of the \$395,153 allowable request, \$362,739 will be used for economic development staff and \$32,414 will be used for finance staff salaries.

The Garden Grove Successor Agency unanimously approved the ROPS 19-20 A-B and attached Resolution as its regularly scheduled meeting on Tuesday, January 8, 2019. Successor Agency approval is subject to submittal to and approval by the Oversight Board and by the State Department and Finance (DOF). The Successor Agency also requests authorization to post the approved Resolution and ROPS 19-20 A- B to the City’s website and to transmit the ROPS 19-20 A-B to the DOF. Further, the City of Garden Grove’s Community and Economic Development Director and her designees, in consultation with legal counsel, shall be authorized to make augmentations, modifications, additions or revisions as may be necessary or directed by DOF.

Impact on Taxing Entities

No fiscal impact until approved by DOF. If the DOF approves the ROPS as submitted, the Garden Grove Successor Agency will receive \$23,581,121, which includes \$395,153 for the administrative budget, for the period of July 1, 2019 through June 30, 2020 to pay the Successor Agency’s enforceable obligations.

Attachments

- **Attachment No. 1** - Oversight Board Resolution Approving Annual Recognized Obligation Payment Schedule 19-20 A-B and Administrative Budget
 - No. 1a** - Recognized Obligation Payment Schedule 19-20 A-B
 - No. 1b** - ROPS 19-20 A-B Administrative Budget
- **Attachment No. 2** - Approved Garden Grove Successor Agency Resolution No. 55-19 for Recognized Obligation Payment Schedule 19-20 A-B
- **Attachment No. 3** - DOF Final Determination Letter Regarding Line Item No. 18, Dated June 12, 2018

- **Attachment No. 4** - DOF Final and Conclusive Determination Enforceable Obligation Regarding Line Item No. 19, Dated February 6, 2013
- **Attachment No. 5** - DOF Final Determination Letter Regarding Line Item No. 22, Dated November 1, 2018
- **Attachment No. 6** - Court Judgment for Limon Legal for Line Item No. 55

Resolution No. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B FOR THE ANNUAL FISCAL PERIOD OF JULY 1, 2019 TO JUNE 30, 2020, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE STATE DEPARTMENT OF FINANCE UNDER CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85; AUTHORIZING THE POSTING AND TRANSMITTAL THEREOF; AND AUTHORIZING THE COMMUNITY AND ECONOMIC DEVELOPMENT DIRECTOR, IN CONSULTATION WITH LEGAL COUNSEL, TO REQUEST AND COMPLETE MEET AND CONFER SESSION WITH THE DOF AND MAKE AUGMENTATIONS, MODIFICATIONS, ADDITIONS OR REVISIONS AS MAY BE NECESSARY OR DIRECTED BY DOF.

WHEREAS, the Garden Grove Agency for Community Development (“Former Agency”) was established as a community redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.*, and previously authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council (“City Council”) of the City of Garden Grove (“City”); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation, and most recently by Senate Bill 107 (together, the “Dissolution Law”); and

WHEREAS, as of February 1, 2012 the former Agency was dissolved pursuant to the Dissolution Law, and, as a separate public entity, corporate and politic, the Successor Agency to the Garden Grove Agency for Community Development (“Successor Agency”) administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, prior to July 1, 2018 under the Dissolution Law, in particular Sections 34179 and 34180, certain actions of the Successor Agency were subject to the review and approval by a local seven member oversight board, which oversaw and administered the Successor Agency’s activities during the period from dissolution until June 30, 2018; and

WHEREAS, as of, on and after July 1, 2018 under the Dissolution Law, in particular Section 34179(j), in every California county there shall be only one oversight board that is staffed by the county auditor-controller, with certain exceptions that do not apply in the County of Orange; and

WHEREAS, as of, on and after July 1, 2018 the single Orange Countywide Oversight Board (the “Oversight Board”) was established in compliance with Section 34179(j), which serves as the oversight board to all of the successor agencies existing and operating in Orange County, including the Successor Agency; and

WHEREAS, pursuant to Section 34171(h) of the Dissolution Act, a “Recognized Obligation Payment Schedule” means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each annual fiscal period as provided in Section 34177(o) of the Dissolution Act; and

WHEREAS, pursuant to Section 34177(j) of the Dissolution Act, the Successor Agency is required to prepare and submit to the Oversight Board an “Administrative Budget” for each annual fiscal period corresponding to each Recognized Obligation Payment Schedule; and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Law; and

WHEREAS, Sections 34177(o) and 34179 provide that each ROPS is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State Department of Finance (“DOF”); and

WHEREAS, Section 34177(o) of the Dissolution Law requires that the annual ROPS for the 19-20 A-B fiscal period of July 1, 2019 to June 30, 2020 (“ROPS 19-20 A-B”) shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2019; and

WHEREAS, pursuant to Section 34177(o) of the Dissolution Act, the Successor Agency has prepared, approved, and submitted to the Oversight Board for approval its ROPS 19-20 A-B, in the form attached to this Resolution as Attachment No. 1 and incorporated herein by this reference; and

WHEREAS, the ROPS 19-20 A-B sets forth and includes the Administrative Budget prepared by the Successor Agency for the period covering July 1, 2019 through June 30, 2020; and

WHEREAS, the Oversight Board has reviewed the ROPS 19-20 A-B prepared, approved, and presented by the Successor Agency and desires to approve the ROPS 19-20 A-B, and to authorize the Successor Agency, to cause posting of ROPS 19-20 A-B on the City’s website: <http://ggcity.org> and to direct transmittal of such ROPS to the DOF, with copies to the County Executive Officer, the County Auditor-Controller, and the State Controller’s Office;

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD, as follows:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part hereof.

Section 2. Pursuant to the Dissolution Law, the Oversight Board hereby approves ROPS 19-20 A-B, which is included as Attachment 1 and incorporated by this reference; provided however, that the ROPS 19-20 A-B is approved subject to the condition such ROPS is to be submitted to and reviewed by the State Department of Finance. Further, the Community and Economic Development Director and her designees, in consultation with legal counsel, shall be authorized to request and complete meet and confer session(s) with the DOF and make augmentations, modifications, additions or revisions as may be necessary or directed by DOF.

Section 3. The Oversight Board authorizes transmittal of the ROPS 19-20 A-B to the DOF, with copies to the County Executive Officer, the County Auditor-Controller, and the State Controller's Office.

Section 4. The Community and Economic Development Director or her authorized designee is directed to post this Resolution, including the ROPS 19-20 A-B, on the City/Successor Agency website pursuant to the Dissolution Law.

Section 5. Pursuant to Section 34179(h) written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, that pursuant to Section 34177(m) as to each ROPS submitted the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations thereon no later than 45 days after submittal.

Section 6. The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

ATTACHMENT 1

RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B
FOR THE ANNUAL FISCAL PERIOD OF JULY 1, 2019 TO JUNE 30, 2020

(attached)

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Garden Grove
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):	\$ 3,294,271	\$ 12,328	\$ 3,306,599
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	3,294,271	12,328	3,306,599
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 11,551,921	\$ 8,722,601	\$ 20,274,522
F RPTTF	11,354,344	8,525,025	19,879,369
G Administrative RPTTF	197,577	197,576	395,153
H Current Period Enforceable Obligations (A+E):	\$ 14,846,192	\$ 8,734,929	\$ 23,581,121

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

Garden Grove 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	19-20A (July - December)					Q	19-20B (January - June)					W	
											Fund Sources						Fund Sources						
											L	M	N	O	P		R	S	T	U	V		
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total	
81									N	\$ -						\$ -							\$ -
82									N	\$ -						\$ -							\$ -
83									N	\$ -						\$ -							\$ -
84									N	\$ -						\$ -							\$ -
85									N	\$ -						\$ -							\$ -
86									N	\$ -						\$ -							\$ -
87									N	\$ -						\$ -							\$ -
88									N	\$ -						\$ -							\$ -
89									N	\$ -						\$ -							\$ -
90									N	\$ -						\$ -							\$ -
91									N	\$ -						\$ -							\$ -
92									N	\$ -						\$ -							\$ -
93									N	\$ -						\$ -							\$ -
94									N	\$ -						\$ -							\$ -
95									N	\$ -						\$ -							\$ -
96									N	\$ -						\$ -							\$ -
97									N	\$ -						\$ -							\$ -
98									N	\$ -						\$ -							\$ -
99									N	\$ -						\$ -							\$ -
100									N	\$ -						\$ -							\$ -
101									N	\$ -						\$ -							\$ -
102									N	\$ -						\$ -							\$ -
103									N	\$ -						\$ -							\$ -
104									N	\$ -						\$ -							\$ -
105									N	\$ -						\$ -							\$ -
106									N	\$ -						\$ -							\$ -
107									N	\$ -						\$ -							\$ -
108									N	\$ -						\$ -							\$ -
109									N	\$ -						\$ -							\$ -

Garden Grove Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H	
		Fund Sources						
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments	
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	175,517	3,881,440		99,681	2,912,771	Beginning balance as per determination letter dated April 13, 2018.	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller				397,062	19,384,381	Other funds collected are from rental income and interest income received.	
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)				33,248	16,155,051		
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)					2,020,062	This amount represents half of the October 2017 debt service payments due for Line Item #39 of \$1,607,000 and Line Items #56 of \$413,062.	
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					1,659,448	
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 175,517	\$ 3,881,440	\$ 0	\$ 463,495	\$ 2,462,591	As per the determination letter dated April 13, 2018, \$2,912,771 of the cash balance will be applied to Line #2 on ROPS 18-19.	

Garden Grove Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments

ATTACHMENT NO. 1b
Administrative Budget

SUCCESSOR AGENCY ADMINISTRATIVE BUDGET

	FY19-20
ADMINISTRATIVE LABOR	
Economic Development	\$362,739
Finance	\$ 32,414
Total Labor	<hr/> \$395,153
Total Administrative Budget	<hr/> \$395,153 <hr/>

GARDEN GROVE SUCCESSOR AGENCY

RESOLUTION NO. 55-19

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B FOR THE ANNUAL FISCAL PERIOD OF JULY 1, 2019 TO JUNE 30, 2020, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE OVERSIGHT BOARD AND THE STATE DEPARTMENT OF FINANCE UNDER CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85; AND, AUTHORIZING THE POSTING AND TRANSMITTAL OF THE ROPS

WHEREAS, the Garden Grove Agency for Community Development ("Former Agency") was established as a community redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.* ("CRL"), and previously authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council") of the City of Garden Grove ("City");

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation, and most recently by Senate Bill 107 (together, the "Dissolution Law");

WHEREAS, as of February 1, 2012, the Former Agency was dissolved pursuant to the Dissolution Law, and, as a separate public entity, corporate and politic, the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") administers the enforceable obligations of the former Agency and otherwise unwinds the Former Agency's affairs, all subject to the review and approval by a seven-member Orange Countywide Oversight Board ("Oversight Board");

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Law;

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each ROPS is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State Department of Finance ("DOF");

WHEREAS, Section 34177(o) of the Dissolution Law requires that the annual ROPS for the 19-20 A-B fiscal period of July 1, 2019, to June 30, 2020 ("ROPS 19-20 A-B") shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2019;

WHEREAS, pursuant to Sections 34179.6 and 34177(l)(2)(B), the Successor Agency is required to submit the ROPS to the DOF with copies to the County Administrative Officer, the County Auditor-Controller, and the State Controller's Office at the same time that the Successor Agency submits the ROPS to the Oversight Board for review;

WHEREAS, the Successor Agency has reviewed the draft ROPS 19-20 A-B, and desires to approve the ROPS 19-20 A-B and to authorize the Successor Agency staff to transmit the ROPS to the Oversight Board; and

WHEREAS, the Successor Agency staff is directed to post the ROPS 19-20 A-B on the City/Successor Agency website: <http://ggcity.org/econdev>.

NOW, THEREFORE, BE IT RESOLVED BY THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. Pursuant to the Dissolution Law, the Successor Agency approves the ROPS 19-20 A-B, which schedule is incorporated herein by this reference; provided however, that the ROPS 19-20 A-B is approved subject to transmittal of the ROPS to the Oversight Board for review and approval with copies of the ROPS to be sent concurrently to the DOF, the County Administrative Officer, the County Auditor-Controller, and the State Controller's Office. Further, the Community and Economic Development Director, or her designee, in consultation with legal counsel, is hereby authorized to request and complete meet and confer session(s) with the DOF and authorized to make augmentations, modifications, additions or revisions as may be necessary or directed by DOF, and changes, if any, will be reported back to the Successor Agency and the Oversight Board.

Section 3. After approval by the Oversight Board, the Successor Agency authorizes transmittal of the approved ROPS 19-20 A-B to the DOF, the County Administrative Officer, the County Auditor-Controller, and the State Controller's Office.

Section 4. The Community and Economic Development Director, or her designee, is directed to post this Resolution, including the ROPS 19-20 A-B, on the City/Successor Agency website pursuant to the Dissolution Law.

Section 5. The Secretary of the Successor Agency shall certify to the adoption of this Resolution.

Adopted this 8th day of January 2019.

ATTEST:

Teresa Pomeroy
SECRETARY

Stem Jones
CHAIR

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, TERESA POMEROY, Secretary of The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development, do hereby certify that the foregoing Resolution was duly adopted by the Successor Agency, at a meeting held on the 8th day of January 2019, by the following vote:

AYES: MEMBERS: (7) BRIETIGAM, BUI, O'NEILL, NGUYEN T.,
KLOPFENSTEIN, NGUYEN K., JONES
NOES: MEMBERS: (0) NONE
ABSENT: MEMBERS: (0) NONE

Teresa Pomeroy, CMC
SECRETARY

ATTACHMENT 1
to Successor Agency Resolution No.
RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B
FOR THE ANNUAL FISCAL PERIOD JULY 1, 2019 TO JUNE 30, 2020

(attached)

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
 Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Garden Grove
 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):	\$ 3,294,271	\$ 12,328	\$ 3,306,599
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	3,294,271	12,328	3,306,599
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 11,651,921	\$ 8,732,601	\$ 20,384,522
F RPTTF	11,354,344	8,525,025	19,879,369
G Administrative RPTTF	197,577	197,576	395,153
H Current Period Enforceable Obligations (A+E):	\$ 14,846,192	\$ 8,734,829	\$ 23,581,021

Certification of Oversight Board Chairman
 Pursuant to Section 34 177 (c) 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

 Signature Date

Garden Grove Successor Agency
 Resolution No. 55-19
 Page 7

Garden Grove The City and County of Orange
 July 1, 2018 through June 30, 2019
 Receipts in Thousands Dollars

A	B	C	D	E	F	G	H	I	J	K		L		M		N		O		P		Q	R	S	T	U	V	W	
										18-2018-19	19-2019-20	18-2018-19	19-2019-20	18-2018-19	19-2019-20	18-2018-19	19-2019-20	18-2018-19	19-2019-20	18-2018-19	19-2019-20								18-2018-19
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60

Garden Grove Recognized Obligation Payment Schedule (ROPS 18-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H				
								Fund Sources			
								Bond Proceeds	Reserve Balance	Other Funds	RPTTF
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments				
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	175,517	3,881,440		99,091	2,912,771	Beginning balance as per determination letter dated April 13, 2018				
2	Revenue Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor/Controller				367,052	19,364,381	Other funds collected are from rental income and interest income received				
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)				33,248	16,155,051	This amount represents half of the October 2017 debt service payments due for Line Item #59 of \$1,607,000 and Line Items #68 of \$413,062.				
4	Retention of Available Cash Balance (Actual 06/30/17) RPTTF amount should only include the amounts distributed as reserve for future period(s)					2,020,052					
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					1,658,448					
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4); G = (1 + 2 - 3 - 4 - 5)	\$ 175,517	\$ 3,881,440	\$ 0	\$ 463,495	\$ 2,462,591	As per the determination letter dated April 13, 2018, \$2,912,771 of the cash balance will be applied to Line #2 on ROPS 18-19				

Garden Grove Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020	
Item #	Notes/Comments

June 12, 2018

Ms. Monica L. Covarrubias, Project Manager
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Dear Ms. Covarrubias:

Subject: Approval of Oversight Board Action

The City of Garden Grove Successor Agency (Agency) notified the California Department of Finance (Finance) of its April 25, 2018 Oversight Board (OB) resolution on April 27, 2018. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 58-18, establishing a schedule to repay the Low and Moderate Income Housing Fund (LMIHF) for funds advanced for Educational Revenue Augmentation Fund (ERAF) payments and Supplemental Educational Revenue Augmentation Fund (SERAF) payments pursuant to HSC section 34176 (e) (6) (B), is approved.

This Resolution approves five separate loans from the LMIHF, principal loan amounts totaling \$13,254,260. Of the five loans, three were used to make ERAF payments for fiscal years 2003-04, 2004-05, and 2005-06; principal amounts totaling \$3,721,376. The two remaining loans were used to make the SERAF payments for fiscal years 2009-10 and 2010-11; principal amounts totaling \$9,532,884.

The Agency may now request funding for this item on a subsequent Recognized Obligation Payment Schedule; subject to Finance's review and approval.

This is our determination with respect to the OB action taken.

Please direct inquiries to Nichelle Jackson, Supervisor, or Alexander Watt, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI
Program Budget Manager

cc: Ms. Lisa Kim, Community and Economic Development Director, City of Garden Grove
Mr. Israel Guevara, Property Tax Manager, Orange County



February 6, 2013

Mr. Jim DellaLonga, Senior Project Manager
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92842

Dear Mr. DellaLonga:

Subject: Approval of Final and Conclusive Enforceable Obligation

On November 20, 2012, the City of Garden Grove Successor Agency (Agency) submitted a petition to the California Department of Finance (Finance) requesting written confirmation that Item No. 19 – Waterpark Hotel Disposition and Development Agreement (DDA) as approved in the Recognized Obligation Payment Schedule for the period of January through June 2013 (ROPS III), is final and conclusive, based on the following criteria set forth in Health and Safety Code (HSC) section 34177.5 (i):

- The enforceable obligation submitted for review provides for an irrevocable commitment of property tax revenue.
- The allocation of the property tax revenue is expected to occur over time.
- The enforceable obligation was approved on a previous ROPS.

Finance has completed its review of your request, which included obtaining clarification and additional supporting documentation. Pursuant to the criteria outlined in HSC section 34177.5 (i), we are pleased to inform you that Item No. 19 – Waterpark Hotel DDA as listed on the approved ROPS III, is final and conclusive. Finance's review of the Waterpark Hotel DDA in future ROPS will be limited to confirming the scheduled payments as required by the obligation.

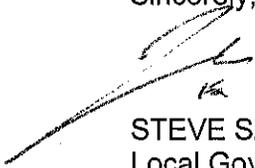
Finance's review of the property tax revenue is limited to the January through June 2012 ROPS, July through December 2012 ROPS, and ROPS III periods. Consequently, this final and conclusive determination does not guarantee a certain level of funding, nor is it approval for an irrevocable assurance of Redevelopment Property Tax Trust Fund (RPTTF) necessary to satisfy the obligation. The amount available from the RPTTF is not and never was an unlimited funding source. Therefore, the ability to fund any item approved as final and conclusive, as well as other items approved on a ROPS with property tax, is limited to the amount of funding available to the Agency in the RPTTF.

Please be further advised that there may be activities included in the enforceable obligation described in this letter that are permissive that the Agency may no longer have the statutory authority to carry out. This final and conclusive determination neither grants additional authority to the Agency nor does it authorize acts contrary to law. Additionally, any amendments to the above item are not subject to this final and conclusive determination; this final and conclusive determination is only valid for the Waterpark Hotel DDA.

Mr. Jim DellaLunga
February 6, 2013
Page 2

Please direct inquiries to Nichelle Thomas, Supervisor or Alex Watt, Lead Analyst at
(916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Matthew Fertal, City Manager, City of Garden Grove
Mr. Kingsley Okereke, Director of Finance, City of Garden Grove
Mr. Frank Davies, Property Tax Manager, County of Orange
California State Controller's Office



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 1, 2018

Ms. Monica L. Covarrubias, Project Manager
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Dear Ms. Covarrubias:

Subject: Determination of Oversight Board Action

The City of Garden Grove Successor Agency (Agency) notified the California Department of Finance (Finance) of its September 18, 2018 Oversight Board (OB) Resolution No. 18-007 on September 24, 2018. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on March 7, 2014. Health and Safety Code (HSC) section 34191.5 (f) states actions to implement the disposition of property pursuant to an approved LRPMP shall not require review by Finance. As such, Finance is taking no action on this OB Resolution. It should be noted that, pursuant to HSC section 34191.3, an approved LRPMP shall govern the disposition of property and any OB action taken related to an approved LRPMP should be consistent therewith.

This determination makes no approval of any item as an enforceable obligation. To the extent this OB action results in a request to approve an item on a Recognized Obligation Payment Schedule, Finance reserves the right to review such request in its entirety and such item may not be approved.

Please direct inquiries to Nichelle Jackson, Supervisor, or Alexander Watt, Lead Analyst, at (916) 322-2985.

Sincerely,

ERIKA LI
Program Budget Manager

cc: Ms. Lisa Kim, Community and Economic Development Director, City of Garden Grove
Mr. Israel Guevara, Property Tax Manager, Orange County

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FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE
CIVIL COMPLEX LITIGATION CENTER

JUN 10 2014

ALAN CARLSON, Clerk of the Court
Alan Carlson
BY B. ZUANICH

ELECTRONICALLY RECEIVED
Superior Court of California,
County of Orange
06/09/2014 at 10:06:50 AM
Clerk of the Superior Court
By Olga Lopez, Deputy Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ORANGE

MARINA LIMON, *et al.*,

Plaintiffs and Petitioners,

v.

GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT, a municipal
entity, *et al.*,

Defendants and Respondents.

GARDEN GROVE MXD, LLC, and
MCWHINNEY REAL ESTATE SERVICES,
and DOES 21 through 40,

Real Parties in Interest.

) Case No. 30-2009-00291597

) **JUDGMENT**

) Complaint Filed: August 10, 2009
) Dept.: CX-102
) Judge: Robert J. Moss

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IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

Judgment is entered in favor of Plaintiff Maria Malta and against Defendants pursuant to the terms stated below.

1. As used herein, the term "Low Income Households" shall have the meaning set forth in Health and Safety Code section 50079.5.

2. As used herein, the term "Very Low Income Households" shall have the meaning set forth in Health and Safety Code section 50105.

3. As used herein, the term "Low Income Rent" shall be rent affordable to lower income households as set forth in Health and Safety Code section 50053(b)(3).

4. As used herein, the term "Very Low Income Rent" shall be rent affordable to very low income households as set forth in Health and Safety Code section 50053(b)(2).

5. Within the timeframe described in Paragraph 9, below, the Successor Agency or, at its discretion, the Housing Successor (hereinafter "Successors"), shall develop replacement housing. Pursuant to this paragraph funds held in the Low and Moderate Income Housing Asset Fund, as defined in Health and Safety Code section 34176, shall be available for development of the replacement housing pursuant to this Judgment. The Successors shall develop or cause to be developed twenty five (25) additional new construction dwelling units as replacement housing for the Travel Country Recreational Vehicle Park ("Park") to address Plaintiff Malta's claims for development of replacement housing pursuant to Health and Safety Code section 33413. No less than twelve (12) of the units developed pursuant to this paragraph shall be covenanted to be leased at Very Low Income Rent and restricted to occupancy by Very Low Income Households; the balance of thirteen (13) units shall be covenanted to be leased at Low Income Rent and restricted to occupancy by Low Income Households.

6. In addition to the dwelling units described in Paragraph 6, within the timeframe described in Paragraph 9, below Successors shall develop or cause to be developed thirteen (13) additional dwelling units, either as new construction or Substantial Rehabilitation (as defined below), as replacement housing for the Park to address Plaintiff Malta's claims for development

1 of replacement housing pursuant to Health and Safety Code section 33413. No less
2 than seven (7) of the units developed pursuant to this paragraph shall be covenanted to be leased
3 at Very Low Income Rent and restricted to occupancy by Very Low Income Households; the
4 balance of six (6) units shall be covenanted to be leased at Low Income Rent and restricted to
5 occupancy by Low Income Households.

6 7. The Successors may reduce the number of dwelling units required to be developed
7 pursuant to Paragraph 7 (but not Paragraph 6) by one dwelling unit for each dwelling unit offered
8 to a household listed on Exhibit A hereto that is rejected by such household provided that a
9 household's rejection of a unit under this section will not disqualify that household from
10 eligibility under Paragraph 11. In order to reduce the unit count, (1) a displaced household must
11 receive an offer of affordable replacement housing after a determination (provided to the
12 displaced household in writing) by the operator of that housing that the displaced household
13 is eligible for occupancy of the replacement housing with respect to all of its qualifications and
14 restrictions, including but not limited to income, family size, rental history and credit score, (2)
15 the offer of affordable housing must be either hand delivered to the displaced household as
16 evidenced by a proof of personal service, or through regular and certified U.S. mail, and (3) the
17 displaced household must be allowed ten (10) business days after receipt of the offer to accept or
18 reject the offer.

19 8. The Successors shall develop, rehabilitate, construct or cause the development,
20 rehabilitation or construction (as applicable) of the dwelling units described in Paragraphs 6 and
21 7 ("Replacement Units") within four years from entry of judgment in this case.

22 9. "Substantial Rehabilitation" shall have the same meaning as contained in Health
23 and Safety Code section 33413.

24 10. In accordance with Health and Safety Code section 33411.3, all residents displaced
25 by the Redevelopment Agency shall have priority in occupancy of the Replacement Units
26 developed pursuant to this Judgment. Successors shall provide for such priority in any agreement
27

1 for development or administration of the Replacement Units, and shall maintain a list of eligible
2 persons and families displaced by the Redevelopment Agency.

3 11. Pursuant to action of the California Legislature in Stats. 2012, Ch. 5 (Assembly
4 Bill No. 26, 2011-2012 1st Ex. Sess.) (the "Dissolution Act"), effective June 29, 2011,
5 redevelopment agencies throughout California began a dissolution process. The Dissolution Act
6 provides that the city "that authorized the creation of each redevelopment agency" became the
7 "successor agency" to that redevelopment agency, by operation of law, unless the designated
8 successor entity elected not to serve as the successor agency. California Health and Safety Code
9 sections 34173(a), (d). The Garden Grove City Council adopted resolutions electing to serve as
10 the Successor Agency to the dissolved Redevelopment Agency pursuant to Health and Safety
11 Code section 34173, and designating the Garden Grove Housing Authority as the Housing
12 Successor pursuant to Health and Safety Code section 34176. City of Garden Grove Resolution
13 Nos. 9072-11 (July 12, 2011) and 9089-12 (Jan 17, 2012). As prescribed by the Dissolution Act,
14 the amounts the Successor Agency is obligated to pay pursuant to the terms of this Judgment shall
15 be included as an enforceable obligation of the Successor Agency on each applicable Recognized
16 Obligation Payment Schedule ("ROPS"), as defined in California Health and Safety Code section
17 34171(h) and in accordance with Health and Safety Code section 34177(l), (m), and as set forth
18 below.

19 12. The Successor Agency shall include in the ROPS due to be completed and
20 approved by the oversight board of the Successor Agency no later than October 3, 2015 (ROPS
21 2015-16B), amounts for Replacement Units that will be expended during the January 1, 2016
22 through June 30, 2016 period. The amounts to be expended during this ROPS 2015-16B period
23 shall be appropriate to complete development of the Replacement Units for occupancy within
24 four years from entry of the Judgment.

25 13. The Successor Agency shall pay \$9,000 in attorneys' fees to counsel for Plaintiff
26 Malta. The entire amount of attorneys' fees shall be placed on the ROPS due to be completed by
27 the oversight board of the Successor Agency no later than October 3, 2014 (ROPS 2014-15B).

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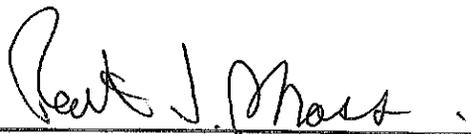
14. The obligations contained herein are obligations of the Garden Grove Agency for Community Development ("Redevelopment Agency"), now dissolved, prior to enactment of the Dissolution Act. The obligations set forth herein are not and under no circumstances shall they be construed as obligations of the City or Garden Grove Housing Authority other than in their roles as Successor Agency and Housing Successor, respectively. Consistent with Health and Safety Code § 34173(e), Successor Agency's liability for amounts owing pursuant to this Judgment shall be limited to the extent of the total sum of property tax revenues the Successor Agency and the Housing Successor receive pursuant to the ROPS process and the value of the assets received by the Successor Agency and the Housing Successor. The Successor Agency shall continue to list the obligations of this Judgment on each ROPS until all obligations required by the Judgment are satisfied.

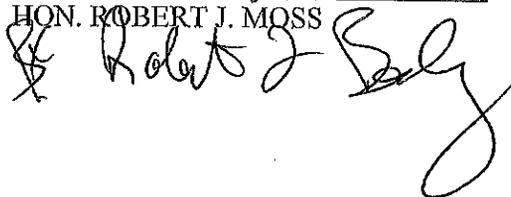
15. The Court shall have continuing jurisdiction to enforce the terms of this settlement and Judgment pursuant to California Code of Civil Procedure section 664.6.

16. This Judgment represents the sole obligation among the parties hereto and all other causes of action and/or claims arising out of this action are dismissed with prejudice and forever waived.

IT IS SO ORDERED.

DATED: 6/10/15



HON. ROBERT J. MOSS


Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5G

From: Successor Agency to the Irvine 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 2019-2020 ROPS and Administrative Budget for the Irvine Successor Agency

The Irvine Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2019-2020.

Enforceable obligations of the Successor Agency include payments to the County of Orange for Implementation Agreement No. 1 for property tax revenues related to the City's annexation of the former military base and for Implementation Agreement No. 2 for repairs to County-owned property in the project area and the Stipulated Judgment negotiated with the State for \$292 million. The Department of Finance has previously approved all of the requested items.

The ROPS for July 1, 2019 through June 30, 2020 (Attachment 2) requests payment for the balance of the Stipulated Judgment for \$236 million, County Implementation Agreement No. 1 and administrative costs.

The Administrative Budget for the Successor Agency is \$250,000 and includes personnel costs for City employees, audit, consulting and legal fees, as well as duplicating and supplies. (Attachment 3).

Implementation Agreement No. 1 (Attachment 5)

On March 8, 2005, the City of Irvine and the County of Orange entered into County Implementation Agreement No. 1 to satisfy section 2.2.8 of the 2003 Agreement. Section 2.2.8(ii) of the 2003 Agreement provides that the City and the County enter into an agreement providing for the Irvine Redevelopment Agency to annually pay to the County an amount equal to 100 percent of the County's share of property taxes generated by property in the Redevelopment Project Area that the County would have received but for the adoption of the Redevelopment Plan which are paid to the Irvine Redevelopment Agency as property tax increment as computed by the county Auditor Controller in accordance with the applicable provisions of the revenue and Taxation Code. The Implementation Agreement No. 1 obligation due to the County of Orange in July 2019 is estimated to be \$8,528,000 and is included as item #4 of FY 2019-2020 ROPS for the Irvine Successor Agency.

Stipulated Judgment (Attachment 6)

The City and Successor Agency filed three lawsuits in Sacramento Superior Court seeking to have the following former redevelopment agency contracts upheld as enforceable obligations: the Purchase Sale and Financing Agreement, the Amended and Restated Development Agreement and the Redevelopment Affordable Housing Funds Grant Agreement. The third action was filed jointly with the Irvine Community Land Trust. On July 9, 2014, the parties to the lawsuits entered into a Settlement Agreement and Release of Claims. The Sacramento Superior Court approved the Stipulated Judgment totaling \$292 million. The terms of the settlement agreement call for the affected taxing entities to receive \$4.38 million in residual property taxes each fiscal year, before the Successor Agency receives payment towards the Stipulated Judgment. The Irvine Successor Agency is requesting payment for the balance of the Stipulated Judgment for \$236 million and is included as item #18 of FY 2019-2020 ROPS for the Irvine Successor Agency.

The City of Irvine which is the Successor Agency's governing body approved the FY 2019-2020 ROPS and Administrative Budget at its meeting on November 27, 2018. (Attachment 4)

Impact on Taxing Entities

The terms of the settlement agreement call for the affected taxing entities to receive \$4.38 million in residual property taxes each fiscal year, before the Successor Agency receives payment towards the Stipulated Judgment. In accordance with City Council action, the Irvine Community Land Trust receives 10 percent of the \$292 million or \$29.2 million. The Successor Agency to date has received \$56 million, leaving an outstanding balance of \$236 million. In June 2018, the annual residual property tax payment to the affected taxing entities was satisfied and totaled \$4.38 million. The Successor Agency will be eligible to receive a payment estimated at \$34.7 million for the Stipulated Judgment in fiscal year 2019-20.

Attachments

1. Proposed Oversight Board Resolution No. 2019-____
2. Exhibit A: Recognized Obligation Payment Schedule, July 1, 2019 through June 30, 2020
3. Exhibit B: Proposed Administrative Budget, July 1, 2019 through June 30, 2020
4. Minute Order of City of Irvine as Successor Agency to the Dissolved Irvine Redevelopment Agency Action
5. Implementation Agreement No. 1 between the Irvine Redevelopment Agency and the County of Orange dated March 18, 2005
6. Executed Settlement Agreement and Release of Claims (Stipulated Judgment) between the City of Irvine, the Successor Agency, the Irvine Community Land Trust and the California Department of Finance dated July 9, 2014

Resolution No. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY OF THE CITY OF IRVINE, CALIFORNIA, APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2020

WHEREAS, California Health and Safety Code Section 34179(e) requires all action items of the Orange County Countywide Oversight Board be accomplished by resolution; and

WHEREAS, in accordance with California Health and Safety Code Section 34179(j), the twenty-five oversight boards in place in Orange County have consolidated into one Orange Countywide Oversight Board, effective July 1, 2018; and

WHEREAS, Health and Safety Code Sections 34177(l)(2)(B) and 34180(g) require the approval of the Recognized Obligation Payment Schedule by the Oversight Board; and

WHEREAS, a Recognized Obligation Payment Schedule for the period July 1, 2019 through June 30, 2020, has been prepared; and

WHEREAS, the City Council as Successor Agency to the dissolved Irvine Redevelopment Agency approved the Recognized Obligation Payment Schedule for the period July 1, 2019 through June 30, 2020; and

WHEREAS, the Recognized Obligation Payment Schedule, in the form as substantially approved by the City Council as Successor Agency to the dissolved Irvine Redevelopment Agency, has been presented to the Countywide Oversight Board for its consideration at a regular meeting of the Countywide Oversight Board held on January 22, 2019;

NOW, THEREFORE BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD as follows:

SECTION 1. The Countywide Oversight Board, at its regular meeting of January 22, 2019, reviewed and considered the Recognized Obligation Payment Schedule presented by the Successor Agency.

SECTION 2. The Recognized Obligation Payment Schedule for the period July 1, 2019 through June 30, 2020, as set forth in Exhibit "A" attached hereto and by this reference incorporated herein, is hereby approved by the Countywide Oversight Board.

SECTION 3. The Successor Agency Administrative Budget for the period July 1, 2019 through June 30, 2020, as set forth in Exhibit "B" attached hereto and by this reference incorporated herein, is hereby approved by the Oversight Board.

SECTION 4. The Irvine Successor Agency staff shall transmit the approved Recognized Obligation Payment Schedule to the Department of Finance, State Controller, and County Auditor-Controller in compliance with the requirements of the Amended Dissolution Act. The staff of the Successor Agency shall take such other and further actions and sign such other and further documents as appropriate to effectuate the intent of this Resolution and to implement the Recognized Obligation Payment Schedule approved hereby on behalf of the Successor Agency. The Countywide Oversight Board further authorizes and directs the Irvine Successor Agency staff to make any technical modifications to the Recognized Obligation Payment Schedule as may be required by the Department of Finance, and/or State Controller, including any formatting or technical changes required by any of the foregoing bodies. Any such modifications or changes shall not require re-approval by the Countywide Oversight Board.

SECTION 5. If any section, subsection, sentence, clause, or phrase of this Resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this Resolution. The Countywide Oversight Board hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared invalid.

SECTION 6. The Clerk of the Orange Countywide Oversight Board shall certify to the adoption of this Resolution.

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Irvine
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 126,633,868	\$ 118,105,868	\$ 244,739,736
F RPTTF	126,508,868	117,980,868	244,489,736
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):	\$ 126,633,868	\$ 118,105,868	\$ 244,739,736

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

Irvine 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	19-20A (July - December)					19-20B (January - June)					W		
											Fund Sources					Fund Sources							
											L	M	N	O	P	Q	R	S	T	U		V	
																							Bond Proceeds
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 Total						19-20B Total	
4	Implementation Agreement No. 1	Miscellaneous	3/8/2005	6/30/2052	Orange County	County facility payment	OCGP	\$ 270,046,736	N	\$ 244,739,736	\$ 0	\$ 0	\$ 0	\$ 126,508,868	\$ 125,000	\$ 126,633,868	\$ 0	\$ 0	\$ 0	\$ 117,980,868	\$ 125,000	\$ 118,105,868	
5	Implementation Agreement No. 2	Miscellaneous	8/17/2010	6/30/2052	Orange County	Reconstruct or replace flood control facilities	OCGP	33,185,000	N	\$ 8,528,000				8,528,000		\$ 8,528,000							\$ -
12	Cooperation agreement	Admin Costs	3/27/2012	6/30/2014	City of Irvine	Financial, personnel and other	OCGP	250,000	N	\$ 250,000					125,000	\$ 125,000					125,000	\$ 125,000	
15	Re-entered 2007 Purchase and Sale and Financing Agreement	City/County Loans After 6/27/11	6/12/2012	6/30/2052	City of Irvine	Re-entered loan approved by the Successor Agency and Oversight Board pursuant to Health and Safety Code Sections 34178(a) and 34180(h) added to California Redevelopment Law by ABx1 26.	OCGP		N	\$ -						\$ -							\$ -
16	Re-entered 2006 Financing Agreement	City/County Loans After 6/27/11	6/12/2012	6/30/2025	City of Irvine	Re-entered loan approved by the Successor Agency and Oversight Board pursuant to Health and Safety Code Sections 34178(a) and 34180(h) added to California Redevelopment Law by ABx1 26.	OCGP		N	\$ -						\$ -							\$ -
17	Re-entered 2005 Financing Agreement	City/County Loans After 6/27/11	6/12/2012	6/30/2025	City of Irvine	Re-entered loan approved by the Successor Agency and Oversight Board pursuant to Health and Safety Code Sections 34178(a) and 34180(h) added to California Redevelopment Law by ABx1 26.	OCGP		N	\$ -						\$ -							\$ -
18	Stipulated Judgment Enforceable Obligation	Miscellaneous	7/9/2014	6/30/2050	City of Irvine	Settlement Agreement and Release of Claims dated July 9, 2014 pending court approval of Stipulated	OCGP	235,961,736	N	\$ 235,961,736				117,980,868		\$ 117,980,868				117,980,868			\$ 117,980,868
23									N	\$ -						\$ -							\$ -
24									N	\$ -						\$ -							\$ -
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Irvine Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount				3,027,626	873,037	Transfer from Irvine Community Land Trust per SCO audit finding
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					20,514,321	
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)					20,414,028	
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)						
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					
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 3,027,626	\$ 973,330	

CITY OF IRVINE, AS SUCCESSOR AGENCY
TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY

Proposed Administrative Budget
July 1, 2019 – June 30, 2020

Estimated Administrative Costs:

Administrative Expenses – staff personnel costs for City employees carrying out the dissolution functions; audit fees and expenses.	\$240,000
Training, duplicating, supplies	\$10,000
<u>Total Proposed Administrative Budget</u>	<u>\$250,000</u>

Proposed Source(s) of Payment:

Administrative cost allowance	\$250,000
<u>Total Proposed Sources of Payment</u>	<u>\$250,000</u>

Proposed arrangement for administrative and operations services provided by the City:

City employees formerly assigned to redevelopment functions will continue to staff the administrative functions associated with the dissolution of the redevelopment agency. Dissolution costs will be recorded within the General Fund, but separately from other City functions. Pursuant to Health and Safety Code Section 34171(b), the Successor Agency is entitled to receive an administrative cost allowance of up to 3% of the money from the Redevelopment Obligation Retirement Fund that is allocated to the Successor Agency for each fiscal year, but in no event less than \$250,000 per fiscal year.



**CITY OF IRVINE
CITY CLERK'S OFFICE
MINUTE ORDER OF CITY OF IRVINE AS SUCCESSOR AGENCY
TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY ACTION**

The Successor Agency of the City of Irvine, at its regular meeting held on November 27, 2018, took the following action:

2. CONSENT CALENDAR - SUCCESSOR AGENCY

2.2 ADOPTION OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE OF THE FORMER IRVINE REDEVELOPMENT AGENCY AND THE ADMINISTRATIVE BUDGET FOR THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY, FOR JULY 1, 2019 THROUGH JUNE 30, 2020

ACTION:

- 1) Adopted the Recognized Obligation Payment Schedule of the former Irvine Redevelopment Agency for July 1, 2019 through June 30, 2020, and authorized revisions to the reporting format, if needed to comply with potential form changes by the State of California Department of Finance.
- 2) Adopted the administrative budget for the Successor Agency for July 1, 2019 through June 30, 2020.

The motion carried as follows:

AYES:	5	BOARDMEMBERS:	Fox, Lalloway, Schott, Shea, and Wagner
NOES:	0	BOARDMEMBERS:	None
ABSENT:	0	BOARDMEMBERS:	None

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF IRVINE)

I, Carl Petersen, Assistant Secretary to the Successor Agency, DO HEREBY CERTIFY that the foregoing is the true and correct action taken at a regular meeting of the City of Irvine as Successor Agency to the dissolved Redevelopment Agency held on the 27th day of November 2018.



Carl Petersen, CMC
Assistant Secretary

DATE: December 7, 2018

**CONTRACTS
SCAN SHEET**

CONTRACT NUMBER:	4972
AMENDMENT:	
CONTRACT TYPE:	IMPLEMENTATION
CONTRACT NAME:	IRVINE REDEVELOPMENT AGENCY; CITY OF IRVINE
CONTRACT DATE:	03-08-05
EXPIRATION DATE:	
ENTRY DATE:	
CONTRACT SUBJECT:	IMPLEMENTATION AGREEMENT & ACKNOWLEDGEMENT AND WAIVER
ITEM NUMBER:	CC 3.2; RDA 2.1
CONTRACT AMOUNT:	
MEETING DATE:	03-08-05
COUNCIL ACTION:	APPROVED

IMPLEMENTATION AGREEMENT NO. 1

THIS IMPLEMENTATION AGREEMENT NO. 1 ("Implementation Agreement") is made and entered into as of the 8th day of March, 2005, by and between the IRVINE REDEVELOPMENT AGENCY (the "Agency") and the COUNTY OF ORANGE (the "County"). Agency and County may sometimes individually be referred to herein as a "party" and collectively as the "parties."

RECITALS:

A. Agency, County, and the City of Irvine ("City") entered into that certain Property Tax Transfer and Pre-Annexation Agreement, dated March 4, 2003 (the "2003 Agreement"), regarding the annexation and reuse of the former Marine Corp Air Station El Toro (the "Base").

B. Section 2.2.8(ii) of the 2003 Agreement provides that prior to the City and Agency placing the Base or any part thereof into a redevelopment project area the Agency and County shall enter into an agreement reasonably satisfactory to the County providing for the Agency to annually pay to the County an amount equal to one hundred percent (100%) of the County's share of tax increment paid to the Agency from the Base or portion thereof included within a redevelopment project area for use by the County for legally allowable County infrastructure, facilities, and development needs on or related to the Base, including certain uses identified in Section 2.2.3 of the 2003 Agreement, as determined by the County. The foregoing described agreement is also to include a payment structure for such tax increment that would permit the County to issue bonds that are secured by and paid from such Agency payments of tax increment to the County.

C. Agency and City have initiated proceedings which may lead to adoption of an ordinance approving and adopting a Redevelopment Plan ("Plan") for the Orange County Great Park Redevelopment Project Area ("Project Area"). If such ordinance is adopted, the Project Area would include all of the Base now located within the territorial boundaries of the City, with the exception, due to the existing pattern of assessor parcels, of a portion of the area known as the Habitat Reserve Area.

D. The Parties desire to enter into this Implementation Agreement as the agreement between the Agency and County as described in Section 2.2.8(ii) of the 2003 Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants and promises hereinafter contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Recitals Incorporated The foregoing Recitals are incorporated herein and made a part hereof.

2. Definitions. In addition to terms defined elsewhere in this Implementation Agreement, the following definitions shall apply:

2.1 "Auditor-Controller" means the office of the Auditor-Controller of the County.

2.2 "Agency" means the Irvine Redevelopment Agency, a public body, corporate and politic, organized and existing under the CRL.

2.3 "Agency Payments" shall have the meaning ascribed in Section 3.

2.4 "City" means the City of Irvine, a charter city organized and existing under the Constitution of the State of California. City is not a party to this Implementation Agreement and shall have no obligation hereunder.

2.5 "County" means the County of Orange, California, which for purposes of this Implementation Agreement is defined, collectively as the following, each of which levies property taxes on property in the Project Area: (a) County General Fund; (b) County Library; and (c) County Harbors, Beaches, and Parks.

2.6 "County Account" shall mean an account established with the Orange County Treasurer into which the Agency Payments shall be deposited. The County shall establish the County Account prior to the first Agency Payment.

2.7 "County Parcels" shall mean the parcels defined in Section 2.2.3 of the 2003 Agreement.

2.8 "County Tax Increment Portion" means the percentage of the property taxes generated by property in the Project Area that the County would have received but for the adoption of the Plan which are paid to the Agency as Property Tax Increment, as computed by the County Auditor-Controller (subject to the right of Agency to challenge such computation) in accordance with the applicable provisions of the Revenue and Taxation Code. In calculating the County Tax Increment Portion, the percentage shall be the same as the percentage of the property taxes generated by property in the Project Area that the County General Fund, the County Library, and the County Harbor, Beaches and Parks would have received but for the adoption of the Plan.

2.9 "County Share" means the County Tax Increment Portion of the Property Tax Increment less the Statutory Pass-Through Payment.

2.10 "CRL" means the Community Redevelopment Law of the State of California, Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code.

2.11 "Fiscal Year" means the period from July 1 to, and including, the following June 30.

2.12 "Plan" means the Redevelopment Plan for the Orange County Great Park Redevelopment Project Area, adopted or which may be adopted by ordinance of the City.

2.13 "Project Area" means the Orange County Great Park Redevelopment Project Area which is defined in the Plan.

2.14 "Property Tax Increment" means the full amount of property tax revenues generated from within the Project Area that are allocated to and paid to the Agency pursuant to Health and Safety Code Section 33670(b), which amounts are attributable to increases in assessed valuation of property in the Project Area above the valuation shown on the last equalized assessment roll prior to the effective date of the ordinance adopting the Plan. Property Tax Increment refers to those taxes collected as a result of the 1% levy allowed under Article XIII A of the California Constitution and shall not include those taxes levied in excess of the 1% general levy.

2.15 "Statutory Pass-Through Payment" means the payment from Property Tax Increment required to be paid by the Agency to the County (i.e., the County General Fund, County Library, and County Harbors, Beaches and Parks) pursuant to Health and Safety Code Section 33607.5.

3. Agency Payment.

3.1 The Agency Payment for each Fiscal Year shall consist of two components: (a) the County Share and (b) the Statutory Pass-Through Payment.

3.2 Agency, within thirty (30) days after the end of each Fiscal Year, shall calculate and deposit into the County Account or pay to the County, in accordance with this Section 3.2, the following amounts with respect to that Fiscal Year's Property Tax Increment payments to the Agency by the Auditor-Controller: (i) the County Share with respect to that Fiscal Year's Property Tax Increment payment to the Agency by the Auditor-Controller, and (ii) the Statutory Pass-Through Payment with respect to that Fiscal Year's Property Tax Increment payment to the Agency by the Auditor-Controller (the foregoing two components are collectively defined herein as the "Agency Payment"). The County Share portion of the Agency Payment shall be deposited into the County Account. The Statutory Pass-Through Payment portion of the Agency Payment shall be paid to the County, unless the County notifies the Agency in writing that the Statutory Pass-Through Payment portion of the Agency Payment should be deposited into the County Account. At least five (5) days prior to making a deposit to the County Account, the Agency shall notify the County in writing of the amount of the deposit and the expected date of the deposit. The Agency shall, within ten (10) days after it makes the annual deposit into the County Account, notify the County in writing of the deposit to the County Account and provide the County with a detailed written explanation of the calculation of the Agency Payment and the components thereof; provided, however, that Agency's failure to provide such notice or explanation without having received a written request therefor from County shall not be a default of Agency hereunder. The parties acknowledge that, from time to time, lesser or greater Agency Payments may need to be made to reconcile any inadvertent underpayments or overpayments. The parties shall cooperate on periodic audits or reconciliations of the Agency Payments.

3.3 Notwithstanding anything in this Implementation Agreement to the contrary, if the Agency and the County agree to Agency funding, directly or indirectly, from Agency's own Property Tax Increment (which shall not include Agency Payments or funds on deposit in the County Account), pursuant to Health and Safety Code Section 33445, 33445.5, 33445.6, 33446, or any other provision of law other than Health and Safety Code Section 33607.5, for or in connection with the cost of a public facility owned or leased by the County, then the agreement between the Agency and County for that funding may provide that the Agency shall be permitted to withdraw from the County Account, and to deduct from subsequent Agency Payments if the amount withdrawn from the County Account is insufficient to cover all such amounts paid by the Agency.

3.4 The Orange County Treasurer is authorized to invest the funds in the County Account in the same manner that other similar funds established with the Orange County Treasurer are invested. Any interest earned on funds in the County Account shall accrue to the benefit of, and be deposited in, the County Account. Any loss incurred in the County Account incurred as a result of such investment shall not be the responsibility of Agency. If the Treasurer is authorized by law to charge, assess, or levy any fees or other charges for administering the County Account, including but not limited to in connection with the receipt, deposit, custody, investment, payment, or disbursement of funds to or from the County Account, performing any accounting, or issuing any statements or reports, those fees or charges shall be paid from the County Account or by the County. The Agency shall not be responsible for paying such fees and charges.

3.5 The parties acknowledge and agree that (a)(i) all funds payable to the County by application of Health and Safety Code Section 33670(a), and (ii) any funds payable to the County which may result in the future by virtue of the application of Health and Safety Code Section 33607.7, are not subject to this Implementation Agreement, and (b) this Implementation Agreement is not an "agreement" referred to in Health and Safety Code Section 33607.7(b)(1).

3.6 The parties agree that if there is any court or other legal determination that requires the Statutory Pass-Through Payment component of the Agency Payment to be reduced by the amount of the County Share component of the Agency Payment, then this Implementation Agreement shall be deemed amended as follows:

(i) The County, at the County's sole option, may notify the Agency in writing that the Agency shall not be required to make the Statutory Pass-Through Payment with respect to any or all of the County General Fund, County Library, County Harbors, Beaches and Parks. If the County so notifies the Agency, then (1) Agency shall not make, and shall be entitled to retain as its own funds, the Statutory Pass-Through Payment component of the Agency Payment with respect to the County fund specified in the notice and (2) the County Share component of the Agency Payment shall be increased by a corresponding amount.

(ii) Should the court or other legal determination that causes the County to issue the written notice specified in clause (i) of this Section 3.6 not permit the parties to calculate the County Share in the manner specified in clause (i) of this

Section 3.6, the Agency and the County shall meet and confer in good faith in an attempt to resolve the issue in a manner that implements the intent of the parties that the Agency Payment for a Fiscal Year be the sum of the County Share plus the Statutory Pass-Through Payment.

4. Use of County Account.

4.1 After County's written notification to the Agency as required by Section 4.2, the County shall withdraw funds from the County Account to pay for the cost of County infrastructure, facilities, and development needs within the Project Area, or outside the Project Area but serving the Project Area, as determined by the County. As used herein, the term "infrastructure, facilities, and development needs" includes, but is not limited to, buildings, structures, utilities, roadways, sewer lines, and other types of infrastructure needs that are necessary to service one or more of the County Parcels and the uses described in Section 2.2.4 of the 2003 Agreement. At the request of the Agency, the County shall provide to the Agency or cause the Treasurer to provide to the Agency an accounting of the amount in and the withdrawals from the County Account.

4.2 The written notification from the County to the Agency regarding withdrawal of funds from the County Account shall be given at least ten (10) days prior to the expected date of withdrawal and shall specify the amount of funds to be withdrawn and precise payment to be made with such withdrawn funds. Such withdrawn funds from the County Account shall then promptly be paid as specified in the written notification given to the Agency to the contractor or other person as County has directed.

4.3 County acknowledges that prior to making any payments from the County Account, Agency, City, and County may each be required to comply with Health and Safety Code Sections 33445 and 33679 or other provisions of the CRL to the extent applicable. County and Agency agree, and Agency agrees to cooperate in causing City, to act diligently to hold any hearings or take any actions required to comply with Health and Safety Code Sections 33445 and 33679 or other provisions of the CRL to the extent applicable, including, if necessary amendment of the Agency's implementation plan adopted pursuant to Health and Safety Code Section 33490.

4.4 County shall protect, defend, indemnify, and hold harmless Agency and the City and their respective officers, officials, members, employees, agents, and representatives, and each of them, jointly and severally, against and from any and all claims, demands, causes of action, damages, costs, expenses, losses and liabilities, at law or in equity, of every kind or nature whatsoever, and including but not limited to attorneys' fees and expert witness fees, arising out of or in any manner directly or indirectly connected with the disbursement or payment from the County Account as directed by the County.

5. County Bonds. Agency acknowledges that County may wish to pledge the Agency Payments or a portion thereof as security for repayment on bonds to be issued by the County, including for the purposes set forth in Section 2.2.5 of the 2003 Agreement. Agency shall reasonably cooperate with the County in the County's issuance of such bonds, provided: (i) the proceeds of any bonds issued by or on behalf of the County, the repayment of which or the

security for the payment of which shall come from Agency Payments or portion thereof, shall be used for the same purposes that the County Account may be used under this Implementation Agreement; and (ii) if bonds issued by or on behalf of the County are to be repaid from sources in addition to the Agency Payments or portion thereof, or the security for repayment is from sources in addition to the Agency Payments, the proceeds of such bonds to be devoted to the same purposes for which the County Account may be used under this Implementation Agreement shall not be less than the proportional amount the Agency Payments or portion thereof providing repayment or security for the bonds is to the total of all sources of repayment or security for the bonds.

6. Agency Bonds & Other Indebtedness. Nothing in this Implementation Agreement shall be construed to give the County the right to approve any Agency bonded or other indebtedness. Notwithstanding the foregoing, Agency shall not pledge as repayment, or as security for repayment, for any Agency bonded or other indebtedness any Agency Payment or any unused or unencumbered amount in the County Account unless otherwise authorized in writing by the County.

7. Subordination Under Health & Safety Code Section 33607.5(e). Nothing in this Implementation Agreement shall supersede the right of the Agency to request the County subordinate the Statutory Pass-Through Payment portion of the Agency Payment, pursuant to Health and Safety Code Section 33607.5(e).

8. Agreement Is Agency Indebtedness; Tax Increment Limit. Unless otherwise required by law: (a) Agency's obligations under this Implementation Agreement constitute an indebtedness of Agency within the meaning of Health and Safety Code Section 33670(b); and (b) amounts paid by Agency to County under this Implementation Agreement shall not count against the limit on the total number of dollars to be allocated as Property Tax Increment to the Agency under the Plan. The Agency shall claim its obligations under this Implementation Agreement as a debt of the Agency on its statements filed pursuant to Health and Safety Code Section 33675.

9. Covenant Not to Sue.

9.1 County, on behalf of itself and all County-controlled entities, hereby expressly waives any and all causes of action, claims, demands, counts, actions, losses, breaches of equitable duty, claims for equitable relief, and/or complaints, known or unknown, suspected or unsuspected, fixed or contingent, related to, and agrees not to challenge, (i) the validity of the Plan, or (ii) the ordinance(s) adopting the Plan including but not limited to the findings set forth therein, or (iii) the validity of bonds to finance or refinance, in whole or in part, the Plan on the grounds of the invalidity of the Plan, including without limiting the generality of the foregoing clauses (i), (ii) or (iii), the legality and validity of all proceedings taken or in any way connected with the designation of the survey area, the Project Area, findings under Health and Safety Code Section 33492.18, the formulation of the Preliminary Plan, the adoption of the Plan, and the future preparation and certification of the environmental impact report for the redevelopment of the Base pursuant to Health and Safety Code Section 33492.18 and the California Environmental Quality Act. County further agrees not to promote, fund, or assist any other person in any claim or challenge related to any of the foregoing.

9.2 County acknowledges that it is familiar with Civil Code Section 1542 which provides:

“A general release does not extend to claims a creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor.”

County expressly WAIVES any rights it may have under Civil Code Section 1542 with respect to the matters specified in Section 9.1 above. By initialing below, County acknowledges that it has read the above waiver and understands its effect and has been advised by County Counsel regarding its effect, and agrees to it with advice of counsel.

County's Initials _____

Bull Campbell SN

10. City and Agency Obligations. City shall have no financial or other liabilities or obligations by virtue of this Implementation Agreement. Agency shall have no financial or other liabilities by virtue of this Implementation Agreement other than the obligations set forth in this Implementation Agreement.

11. Defaults. Subject to the extensions of time set forth in Section 16, failure or delay by either party to perform any term or provision of this Implementation Agreement constitutes a default under this Implementation Agreement. A party claiming a default shall give written notice of default to the other party, specifying the default complained of and the actions required to correct such default. The claimant shall not institute proceedings against the other party if the other party, within thirty (30) days from receipt of such notice, immediately and with due diligence commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy as soon as reasonably practicable after receipt of such notice. If the default is not cured or commenced to be cured by the defaulting party within said thirty (30) day period, the defaulting party shall be entitled to pursue whatever remedies at law or in equity to which such party may be entitled.

12. Notices. All notices required to be delivered under this Implementation Agreement or under applicable law shall be personally delivered, or delivered by United States mail, prepaid, certified, return receipt requested, or by reputable document delivery service that provides a receipt showing date and time of delivery. Notices personally delivered or delivered by a document delivery service shall be effective upon receipt. Notices delivered by mail shall be effective as of the earlier of (i) actual receipt, or (ii) Noon on the third business day following dispatch. Notices shall be delivered to the following addresses:

If to Agency: Irvine Redevelopment Agency
Attn: Executive Director
Irvine City Hall
One Civic Center Plaza
Irvine, CA 92623

With copy to: Joel D. Kuperberg
Rutan & Tucker
611 Anton Blvd., Suite 1400
Costa Mesa, CA 92626

If to County: County of Orange
Attn: County Executive Officer
10 Civic Center Plaza
Santa Ana, CA 92701

With copy to: Office of County Counsel
Attn: Benjamin de Mayo, County Counsel
10 Civic Center Plaza
Santa Ana, CA 92701

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section.

13. Non-liability of Public Officers and Employees.

13.1 No officer, official, member, employee, agent, or representative of Agency shall be personally liable to County, or any successor or assign of same, in the event of any default or breach by Agency, or for any amount which may become due to County, or any successor or assign of same, or for breach of any obligation of the terms of this Implementation Agreement.

13.2 No officer, official, member, employee, agent, or representative of County shall be personally liable to Agency, or any successor or assign of same, in the event of any default or breach by County, or for any amount which may become due to Agency, or any successor or assign of same, or for breach of any obligation of the terms of this Implementation Agreement.

14. Binding Effect; Assignment Prohibited Without Prior Consent of Other Party. This Implementation Agreement, and all covenants and releases set forth herein, shall be binding upon and shall inure to the benefit of the respective parties and their respective legal representatives, successors and assigns. Neither party to this Implementation Agreement may assign its rights or obligations under this Implementation Agreement without the prior written approval of the other party hereto.

15. Satisfaction of Section 2.2.8 of 2003 Agreement. This Implementation Agreement satisfies in full the requirements set forth in Section 2.2.8 of the 2003 Agreement concerning an agreement to be entered into between the Agency and County with respect to the portion of the Base (as defined in the 2003 Agreement) included in the Project Area. County, on behalf of itself and County-controlled entities, and Agency on behalf of itself and Agency-controlled entities, hereby knowingly, voluntarily, and expressly waive any right to challenge the validity of the 2003 Agreement or this Implementation Agreement. County and Agency, on behalf of themselves and their respective controlled entities, further agree (i) to include in any agreements pertaining to use or development of the Project Area a similar provision whereby the parties to the agreement waive any right to challenge the validity of the 2003 Agreement or this Implementation Agreement, and (ii) not to promote, fund, or assist any other person in any claim or challenge related to any of the foregoing.

16. Enforced Delay. In addition to specific provisions of this Implementation Agreement, performance by either party hereunder shall not be deemed to be in default, and all performance under this Implementation Agreement shall be extended, where delays or defaults are due to war; terrorism; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor; subcontractor or supplier; acts or omissions of the other party; acts or failures to act of any other public or governmental agency or entity other than the Agency or County; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform.

17. Interpretation; Governing Law. This Implementation Agreement shall be construed according to its fair meaning and as if prepared by all of the parties hereto. This Implementation Agreement shall be construed in accordance with the laws of the State of California in effect at the time of the execution of this Implementation Agreement.

18. Rights and Remedies Are Cumulative; Inaction Not Waiver of Default. Except as may otherwise be expressly stated in this Implementation Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such 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. Any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either 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.

19. Further Assurances. Each party hereto agrees, without further consideration, to execute such other and further documents, and to perform such other and further acts, as may be necessary or proper, in order to consummate the transactions set forth in and contemplated by this Implementation Agreement.

20. Representations and Warranties by Parties. Each party represents and warrants to the other that:

20.1 such party has the power and capacity to enter into this Implementation Agreement;

20.2 such party lacks actual knowledge of any agreement that would be violated by such party's entry into this Implementation Agreement;

20.3 such party lacks actual knowledge of any agreement, obligation, pending litigation, or asserted claim that would materially affect such party's obligation to enter into this Implementation Agreement or to perform its obligations hereunder;

20.4 such party has been represented by legal counsel in the preparation and execution of this Implementation Agreement; and

20.5 such party acknowledges and agrees that it enters into this Implementation Agreement based upon its own investigation, knowledge, and voluntary assumption of all of the risks associated with the transactions contemplated hereby, and that such party has read and understands this Implementation Agreement and has been advised by its legal counsel as to its effects.

21. Representations and Warranties by Signatories. Each signatory of a party to this Implementation Agreement represents and warrants to the other party hereto that:

21.1 the signatory has actual authority to execute this Agreement on behalf of the party for which the signatory has signed; and

21.2 the signatory is duly authorized to execute and deliver this Implementation Agreement on behalf of said party for whom the signatory has signed.

22. Conditions to Effectiveness, Effect of Litigation. This Implementation Agreement, even if signed by all the parties hereto, shall not be effective unless and until all of the following have occurred:

(i) The City has adopted an ordinance approving and adopting the Redevelopment Plan for the Orange County Great Park Redevelopment Project Area, and such ordinance has become effective in accordance with applicable law.

(ii) Approval of this Implementation Agreement by the parties and its execution by the parties, and the initialing of Section 9.2 by the County.

(iii) Approval and execution of the attached Acknowledgment and Waiver by the City of Irvine.

If litigation challenging the approval and adoption of the Plan or of the ordinance adopting the Plan is filed, the parties' obligations under this Implementation Agreement shall remain in full force and effect until a final judgment or settlement agreement. If, during the

pendency of such litigation, the Agency receives Property Tax Increment, the terms of this Implementation Agreement shall be implemented but the County shall not withdraw or pledge any funds from the County Account or direct Agency to make any payments from the County Account until the litigation has been resolved or the parties otherwise agree, each in their sole discretion, to the withdrawal. If such litigation results in validation of the Plan, this Implementation Agreement shall remain in full force and effect. If such litigation results in invalidation of the Plan, this Implementation Agreement shall be void *ab initio*, and in such case the parties shall cooperate in good faith to implement Section 2.2.8 of the 2003 Agreement if the City thereafter proposes to adopt a new redevelopment plan, the adoption of which would be subject to the 2003 Agreement.

23. Cooperation in Event of Challenge to Agreement. In the event any third party files any claim or litigation challenging the approval and adoption of this Implementation Agreement, or its validity, the parties hereto agree to cooperate in the defense of such challenge.

24. Inadmissibility of Agreement. In the event this Implementation Agreement fails to become effective, or ceases to be effective, for any reason, then, notwithstanding anything to the contrary in Evidence Code Sections 1152 and 1600, neither this Implementation Agreement nor any prior drafts or negotiations with respect to this Implementation Agreement shall be admissible as evidence in any proceeding or litigation for any purpose, except to prove the terms of this Implementation Agreement.

25. Fees Incurred. Each party shall be responsible for its own costs and fees incurred with the negotiation and preparation of this Implementation Agreement, including but not limited to attorneys fees.

26. Section Headings. The section headings in this Implementation Agreement are included for convenience and reference only. They do not form a part hereof, and do not in any way codify, interpret, or reflect the intent of the parties. Said headings shall not be used to construe or interpret any provision of this Agreement.

27. Entire Agreement. This Implementation Agreement and the 2003 Agreement reflect the entire agreement between the parties with respect to the subject matter hereof, and integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

28. Severability. If any section or portion of this Implementation Agreement shall be held, found, or determined by a court of competent jurisdiction to be unenforceable or invalid for any reason, the parties declare that they would have approved this Implementation Agreement without such unenforceable or invalid section or portion and the parties hereto, in such event, agree to take such further actions as may be reasonably necessary, proper, and available to them to effectuate the intent of the parties as to all provisions set forth in this Implementation Agreement.

29. Amendments. This Implementation Agreement may be amended by the parties by written instrument approved and signed by the parties.

30. Counterparts. This Implementation Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same agreement.

31. Effective Date. The Effective Date of this Implementation Agreement shall be the latest of the dates set next to the signatures of the parties hereto after both parties hereto have signed this Implementation Agreement. That latest date shall be inserted into the preamble of this Implementation Agreement.

[end—signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Implementation Agreement as of the Effective Date.

	IRVINE REDEVELOPMENT AGENCY
DATED: <u>3/18/05</u>	By: <u>[Signature]</u> Chairperson
ATTEST: By: <u>[Signature]</u> Jeri Stately, Agency Secretary	
APPROVED AS TO FORM: RUTAN & TUCKER, LLP By: <u>[Signature]</u> Joel D. Kuperberg Agency General Counsel	 <p>SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD</p> <p>ATTEST: <u>[Signature]</u> DARLENE J. BLOOM CLERK OF THE BOARD OF SUPERVISORS ORANGE COUNTY, CALIFORNIA</p>
	COUNTY OF ORANGE
DATED: _____	By: <u>[Signature]</u> Chairman of the Board of Supervisors
ATTEST: By: _____ Clerk of the Board of Supervisors	
APPROVED AS TO FORM: By: <u>[Signature]</u> Benjamin de Mayo 2/24/05 County Counsel	

ACKNOWLEDGMENT AND WAIVER BY CITY OF IRVINE

The defined terms used hereinbelow shall have the same meaning as set forth in the foregoing Implementation Agreement No. 1 to which this Acknowledgment and Waiver is attached. By action of the City Council of the City of Irvine, taken on March 8, 2005, (i) the City hereby acknowledges the foregoing Implementation Agreement by and between the Agency and the County; (ii) the City, on behalf of itself and its respective controlled entities, knowingly, voluntarily, and expressly waives any right to challenge the validity of the 2003 Agreement or the Implementation Agreement; (iii) the City, on behalf of itself and its respective controlled entities, agrees to include in any agreements pertaining to use or development of the Project Area a similar provision whereby the parties to the agreement waive any right to challenge the validity of the 2003 Agreement or the Implementation Agreement; (iv) the City, on behalf of itself and its respective controlled entities, agrees not to promote, fund, or assist any other person in any claim or challenge related to any of the foregoing; and (v) the City agrees to act diligently to hold any hearings or take any actions required to comply with Health and Safety Code Sections 33445 and 33679 or other provisions of the CRL in connection with any payments or funding from the County Account.

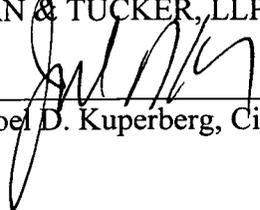
Dated: 3/18, 2005

CITY OF IRVINE
By: 
MAYOR OF THE CITY OF IRVINE

ATTEST:

By: 
Jeri Stately, City Clerk

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

By: 
Joel D. Kuperberg, City Attorney

Dan Slater

Direct Dial: (714) 641-3437

E-mail: dslater@rutan.com

April 7, 2005

VIA OVERNITE EXPRESS

Ann Fletcher
Senior Deputy County Counsel
County of Orange
County Counsel's Office
10 Civic Center Plaza
Santa Ana, CA 92702

2005 APR 11 AM 11:22
RECEIVED
CITY OF IRVINE
CITY CLERK'S OFFICE

Re: Executed Originals of County-Irvine Implementation Agreement No. 1

Dear Ann:

Enclosed please find the three (3) fully executed originals of Implementation Agreement No. 1, dated as of March 8, 2005, by and between the County of Orange and Irvine Redevelopment Agency, with the signed Acknowledgment and Waiver by the City of Irvine attached to each.

The three originals enclosed are marked in the upper right hand corner of page 1 with, respectively, "Original--Clerk of the Board Orange County," "Duplicate Original--Attorney," and "Duplicate Original--CEO."

Please contact me with any questions or concerns. Thanks again for your assistance and cooperation.

Very truly yours,

RUTAN & TUCKER, LLP



Dan Slater

Encl.

cc: Jeri Stately, City Clerk, City of Irvine (w/o encl)
Tina Christiansen, Executive Director, Irvine Redevelopment Agency (w/o encl)
Joel D. Kuperberg, Esq., City Attorney, City of Irvine (w/o encl)

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This Settlement Agreement and Release of Claims (“**Agreement**”) is made and entered into by and between Petitioners and Plaintiffs City Of Irvine (“**City**”), the Successor Agency to the Dissolved Irvine Redevelopment Agency (“**Successor Agency**”), and the Irvine Community Land Trust (“**Land Trust**”) (collectively, “**Petitioners**”), on the one hand, and, on the other hand Respondents and Defendants California Department Of Finance (“**DOF**”) and Michael Cohen in his official capacity as the Director of the California Department of Finance (collectively, “**Respondents**”). Petitioners and Respondents are sometimes collectively referred to as the “**Parties**.”

RECITALS

A. City, and Successor Agency have filed the following two Sacramento Superior Court actions, both of which remain pending, against Respondents, (1) *City of Irvine v. Cohen*, case no. 34-2013-80001682 (“**Irvine v. Cohen Case**”), (2) *City of Irvine v. Matosantos*, case no. 34-2012-80001161 (“**Irvine v. Matosantos Case**”); in addition, Land Trust, City, and Successor Agency have filed a petition, which remains pending, against Respondents in *Irvine Community Land Trust v. Matosantos*, case no. 34-2013-80001535 (“**Land Trust Case**”) (the *Irvine v. Cohen Case*, the *Irvine v. Matosantos Case*, and the *Land Trust Case* are collectively referred to as the “**Sacramento Actions**”).

B. The Sacramento Actions relate to the wind down of the Irvine Redevelopment Agency (“**RDA**”) pursuant to Assembly Bill 26 of the 2011-12 First Extraordinary Session of the California Legislature (“**AB x1 26**”) in conjunction with the decision of the California Supreme Court in *Community Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231 (“**CRA v. Matosantos**”), and as amended by Assembly Bill 1484 of the 2011-12 Regular Session of the California Legislature (“**AB 1484**”) (AB x1 26 and AB 1484, collectively the “**Dissolution Act**”).

C. Under AB x1 26, as interpreted by *CRA v. Matosantos*, the RDA was dissolved on February 1, 2012. Following the dissolution of the RDA, the Successor Agency submitted a series of Recognized Obligation Payment Schedules (“**ROPS**”) to Petitioners in accordance with the Dissolution Act. In those ROPS, Petitioners claimed that three separate agreements are enforceable obligations under the Dissolution Act. Respondents’ disapprovals of those three agreements as enforceable obligations under the Dissolution Act are the subjects of the Sacramento Actions.

D. The three separate ROPS items at issue in the Sacramento Actions are: (1) The Purchase and Sale and Financing Agreement (“**PSFA**”), originally dated August 14, 2007 and allegedly reentered on June 12, 2012, by and between the RDA and the City, with an alleged value of approximately Eight Hundred Twelve Million Dollars (\$812,000,000); (2) the Amended and Restated Development Agreement (“**ARDA**”), dated December 27, 2010, which is an alleged obligation of the former RDA to construct the Orange County Great Park with an alleged value of approximately One Billion Four Hundred Million Dollars (\$1,400,000,000); and (3) the Redevelopment Affordable Housing Funds Grant Agreement (“**Land Trust Agreement**”), dated

February 8, 2011, between the RDA and the Land Trust with an alleged value of approximately Seven Hundred Thirty One Million Dollars (\$731,000,000).

E. The City and the Successor Agency allegedly re-entered into the PSFA on June 12, 2012. That action was approved by the Oversight Board to the Successor Agency to the Dissolved Irvine Redevelopment Agency by Resolution 2012-11 on June 14, 2012. DOF claims that as a valid post-finding of completion enforceable obligation pursuant to Health & Safety Code section 34191.4, the One Hundred Thirty Four Million Dollar (\$134,000,000) principal amount on the PSFA loan is entitled to repayment at an interest rate of thirty two one hundredths of one percent (0.32%) per year. Petitioners claim that the PSFA loan should be treated as a valid reentered agreement pursuant to Health & Safety Code section 34178 and should bear interest at nine percent (9%) per year.

F. The Parties have concluded that it would be in their mutual best interests, and in the public interest, to settle all disputes raised in the Sacramento Actions between Petitioners and Respondents according to the terms described in this Agreement, which shall be incorporated fully by reference into a stipulated judgment to be approved by the Court pursuant to Code of Civil Procedure section 664.6. By this Agreement, the Parties intend to fully and completely resolve any and all remaining disputes between the Parties pertaining to, or in any way relating to, the Sacramento Actions.

TERMS OF AGREEMENT

Accordingly, in consideration of the mutual promises contained herein, the Parties agree as follows:

1. City, Successor Agency, and Respondents (the “**Cohen Case Parties**”) will jointly submit a stipulated judgment to the Court for approval in *Irvine v. Cohen Case* (“**Stipulated Judgment**”). This Agreement will be attached to the Stipulated Judgment as Exhibit A, and incorporated fully therein by reference. It is the intent of the Cohen Case Parties, and therefore the Cohen Case Parties shall jointly request to the Court in the *Irvine v. Cohen Case*, that the court retain jurisdiction over the Cohen Case Parties until performance in full of the terms of this settlement (as memorialized in this Agreement and the Stipulated Judgment).

2. The Cohen Case Parties agree to expeditiously jointly submit a motion to the Court for the approval of the Stipulated Judgment in the *Irvine v. Cohen* action, and the Cohen Case Parties shall remain bound to proactively seek (or, in the case of the Land Trust, not oppose) court approval of the Stipulated Judgment *even if* a change in law (by legislation, by promulgation of administrative rules, or by appellate or supreme court precedent) or the dissemination of persuasive authority (by administrative interpretation, release of superior court tentative or final decisions, or release of unpublished appellate decisions, or other statements or comments from superior or appellate court judges) occurs after the execution of this Agreement but prior to Court action on the request for approval of the Stipulated Judgment.

3. If the Court does not enter a Stipulated Judgment pursuant to the terms of this Agreement, this Agreement shall be null and void *ab initio*, without further action of any Party.

Petitioners may then elect not to dismiss the Sacramento Actions and, instead, proceed to prosecute them.

4. If the Court approves the Stipulated Judgment, Respondents shall recognize the Stipulated Judgment as an enforceable obligation with a value of Two Hundred Ninety Two Million Dollars (\$292,000,000), which shall be paid from Redevelopment Property Tax Trust Fund (“RPTTF”) moneys to the Successor Agency. Such funds shall be paid from the Successor Agency to the City in satisfaction of the PSFA loan (the “**Stipulated Judgment Enforceable Obligation**”). DOF shall continue to abide by the Stipulated Judgment Enforceable Obligation, by approving payment by the Orange County auditor-controller of the full amount of RPTTF over to the Successor Agency, less the withholding of Four Million Three Hundred Eighty Thousand Dollars (\$4,380,000) per year described in paragraph 8 below, until such time as the Two Hundred Ninety Two Million Dollars (\$292,000,000) in RPTTF is fully paid over to the Successor Agency for payment to the City on the PSFA loan. No interest shall be paid on this sum. The total amount paid shall be Two Hundred Ninety Two Million Dollars (\$292,000,000) regardless of the time it takes to receive the payments.

5. Petitioners shall never again claim on any future ROPS or otherwise that the PSFA loan is an enforceable obligation of the former RDA; instead, the Stipulated Judgment shall be the item claimed, and recognized by Respondents, on future ROPS. Petitioners shall also never again claim on any future ROPS that the ARDA or Land Trust Agreement is an enforceable obligation of the former RDA.

6. Respondents shall never claim, in response to any future ROPS submission or otherwise, that the Stipulated Judgment is not an enforceable obligation under the Dissolution Act.

7. Petitioners shall request the dismissal with prejudice of the *City of Irvine v. Matosantos Case* in its entirety, and *Land Trust Case* in its entirety, within five (5) business days of the Court signing and entering the Stipulated Judgment in the *City of Irvine v. Cohen Case*.

8. Unless the Successor Agency directs otherwise, all RPTTF shall be applied to the Stipulated Judgment line item on the ROPS until the Stipulated Judgment is fully paid; provided, however, that Four Million Three Hundred Eighty Thousand Dollars (\$4,380,000) of RPTTF funds will be paid over to the taxing entities each fiscal year pursuant to Health & Safety Code section 34183(a)(4) until the Stipulated Judgment Enforceable Obligation is satisfied. Once the Stipulated Judgment Enforceable Obligation is satisfied, the limitation on residual payments to taxing entities will be lifted. The Four Million Three Hundred Eighty Thousand Dollars (\$4,380,000) per year will be sent to the taxing entities from the first RPTTF distribution that occurs each fiscal year (as specified in Paragraph 4, above); if there are insufficient funds in the first RPTTF distribution to send the full Four Million Three Hundred Eighty Thousand Dollars (\$4,380,000) per year from RPTTF to the taxing entities, the necessary remaining funds shall come from the second RPTTF distribution. If in a given year there is less than Four Million Three Hundred Eighty Thousand Dollars (\$4,380,000) available for this distribution of RPTTF payments to the taxing entities, the taxing entities shall receive whatever funds are available, and

the Successor Agency shall not receive any funds toward the satisfaction of the Stipulated Judgment during that year.

9. Upon receipt of RPTTF monies for payment of approved enforceable obligations in each ROPS period, the Successor Agency shall prioritize, pursuant to direction of the City as to any city-RDA loans, repayment of the Two Hundred Ninety Two Million Dollars (\$292,000,000) so that it is paid prior to, following, or concurrent with the other enforceable obligations payable under Health and Safety Code section 34183(a)(2)(C), including those qualifying as enforceable obligations pursuant to section 34191.4.

10. The Successor Agency and City agree that they will not challenge the determination of State Controller's Office in its April 28, 2014 audit with regard to the Five Million Five Hundred Thousand Dollar (\$5,500,000) interest payment made by the RDA to the City in March 2011. The City will return the Five Million Five Hundred Thousand Dollars (\$5,500,000) to the Successor Agency which will then submit it to the county auditor-controller, both of which shall occur within five (5) business days of the Court signing and entering the Stipulated Judgment. The county auditor-controller will thereafter distribute said funds to the taxing entities. Except as stated elsewhere in this paragraph, this Agreement and Stipulated Judgment does not resolve any other possible disputes between Petitioners and the State Controller's Office with respect to the April 28, 2014 audit.

11. The Parties shall each bear their respective attorney fees and costs incurred in the litigation, provided, however, that nothing in this agreement abridges the Successor Agency's rights (if any) to recover its legal fees under the Dissolution Act.

12. The Agreement and Stipulated Judgment do not constitute, nor shall they be construed as, an admission or concession by any of the Parties for any purpose. This Agreement is a compromise settlement of the Sacramento Actions, and by executing this Agreement, none of the Parties admits wrongdoing, liability, or fault in connection with either the Sacramento Actions or the allegations asserted in the Sacramento Actions. Respondents do not admit that Petitioners are entitled to any recovery. This Agreement does not reflect in any way on the merits of the claims asserted by Petitioners or the defenses asserted by the Respondents in the Sacramento Actions.

13. The Parties hereby specifically and mutually release and forever discharge each other, including their respective officers, directors, commission members, trustees, agents, employees, representatives, attorneys, insurers, departments, divisions, sections, successors and assigns, and each of them, from all obligations, damages, costs, expenses, liens, attorney fees of any nature whatsoever, whether known or unknown, suspected or not suspected to exist, claimed or not claimed, disputed or undisputed, pertaining to the Sacramento Actions.

14. The Parties each represent and warrant that they fully understand that if the facts pertaining in any way to the Sacramento Actions are later found to be different from the facts now believed to be true by any Party, each of them expressly accepts and assumes the risk of such possible differences in facts and agrees that this Agreement and Stipulated Judgment shall remain effective notwithstanding such differences in facts.

15. This Agreement and Stipulated Judgment shall be binding upon the Parties' respective officers, directors, commission members, trustees, agents, employees, representatives, attorneys, departments, divisions, sections, successors and assigns, and each of them.

16. The Parties each represent that they know and understand the contents of the Agreement and Stipulated Judgment and that this Agreement and Stipulated Judgment have been executed voluntarily. The Parties each further represent that they have had an opportunity to consult with an attorney of their choosing and that they have been fully advised by the attorney with respect to their rights and obligations and with respect to the execution of this Agreement and the Stipulated Judgment.

17. Except as indicated in the following sentence, no promise, inducement, understanding, or agreement not herein expressed has been made by or on behalf of the Parties, and this Agreement and the Stipulated Judgment contain the entire agreement between the Parties related to the Sacramento Actions. Notwithstanding the foregoing, the Parties acknowledge that the City, Successor Agency, and the Land Trust have entered into, and will abide by, a *Dismissal Agreement In Connection with State of California Department of Finance Settlement Negotiations* ("Dismissal Agreement"), which sets forth certain obligations with regard to the disposition of the funds paid to the Successor Agency pursuant to the Stipulated Judgment; provided, however, that nothing in the Dismissal Agreement is binding upon the Respondents. Additionally, the City, Successor Agency, and Land Trust's obligations under this Agreement and the Stipulated Judgment are separate and distinct from their obligations under the Dismissal Agreement.

18. Each Party represents and warrants that it has not assigned, transferred, or purported to assign or transfer to any person or entity any matter released herein. Petitioners also agree to indemnify and hold harmless Respondents and their successors and assigns against any claims, demands, causes of action, damages, debts, liabilities, costs or expenses, including, but not necessarily limited to, attorney fees, arising out of or in connection with any such transfer, assignment, or purported transfer or assignment.

19. It is expressly understood and agreed that this Agreement and the Stipulated Judgment may not be altered, amended, modified, or otherwise changed in any respect whatsoever except by a writing duly executed by the Parties or by authorized representatives of the Parties. The Parties agree that they will make no claim at any time or place that this Agreement and the Stipulated Judgment have been orally altered or modified or otherwise changed by oral communication of any kind or character.

20. This Agreement and the Stipulated Judgment shall be governed by the laws of the State of California. If any Party to this Agreement or the Stipulated Judgment brings a lawsuit to enforce or interpret this Agreement or the Stipulated Judgment, the lawsuit shall be filed in the Superior Court for the County of Sacramento, California.

21. Each Party represents that they have the authority to enter into and perform the obligations necessary to provide the consideration described in this Agreement and the Stipulated Judgment.

22. Each person signing this Agreement represents and warrants that they have the authority to sign on behalf of the Party for which they sign.

23. The Parties recognize and acknowledge that terminology, the number of ROPS cycles per year, and/or other mechanical aspects of the wind-down of redevelopment pursuant to the Dissolution Act (as it may be amended from time to time), may change during the term of this Agreement. To address those changes, the Parties agree that their intent under this Agreement and the Stipulated Judgment is that the City receive, on an annual basis, all of the available RPTTF (or its functional equivalent), less Four Million Three Hundred Eighty Thousand Dollars (\$4,380,000) per year, until such time as the full Two Hundred Ninety Two Million Dollars (\$292,000,000) has been paid over to the Successor Agency for distribution by the Successor Agency to the City in satisfaction of the PSFA.

24. The Parties agree to take such further actions as are necessary to accomplish the delivery of the consideration provided for under this Agreement. In furtherance of the foregoing, upon the submittal to DOF of a resolution of the Oversight Board to the Successor Agency to the Dissolved Irvine Redevelopment Agency approving this Agreement, DOF shall within five (5) business days approve such resolution. Further, if such resolution has been submitted to DOF prior to the Court's entry of the Stipulated Judgment, the Court's entry of the Stipulated Judgment shall constitute DOF's approval of such resolution. If the Oversight Board does not approve this Agreement within ninety (90) days of the date this Agreement is last signed by any Party, this Agreement shall be null and void *ab initio*, without further action of any Party. Petitioners may then elect not to dismiss the Sacramento Actions and, instead, proceed to prosecute them.

25. If any Party to this Agreement or Stipulated Judgment files a lawsuit to enforce or interpret this Agreement or Stipulated Judgment, the prevailing Party in any such suit shall be entitled to reimbursement for reasonable attorney fees for which the Party was invoiced and that the Party paid.

26. This Agreement may be executed in two or more counterparts, each of which will be an original and all of which shall constitute a part of this Agreement.

This Agreement consists of Recital Paragraphs A - F and Paragraphs 1 – 26.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

CITY OF IRVINE

DATED: July 9, 2014



By: Dr. Steven Choi
Mayor

SUCCESSOR AGENCY TO THE DISSOLVED IRVINE
REDEVELOPMENT AGENCY

DATED: July 9, 2014



By: Dr. Steven Choi
Director

IRVINE COMMUNITY LAND TRUST

DATED: July 9, 2014



By: Mark Asturias
Executive Director

DEPARTMENT OF FINANCE AND MICHAEL COHEN,
AS DIRECTOR OF THE DEPARTMENT OF FINANCE

DATED: _____

By: _____
Kari Krogseng
Assistant Chief Counsel

Approved as to form:

RUTAN & TUCKER, LLP



Jeffrey T. Melching
Attorneys for Petitioners City of Irvine and Successor Agency

[SIGNATURES CONTINUE, AND CONCLUDE, ON FOLLOWING PAGE]

CITY OF IRVINE

DATED: _____

By: _____
Dr. Steven Choi
Mayor

SUCCESSOR AGENCY TO THE DISSOLVED IRVINE
REDEVELOPMENT AGENCY

DATED: _____

By: _____
Dr. Steven Choi
Director

IRVINE COMMUNITY LAND TRUST

DATED: _____

By: _____
Mark Asturias
Executive Director

DEPARTMENT OF FINANCE AND MICHAEL COHEN,
AS DIRECTOR OF THE DEPARTMENT OF FINANCE

DATED: July 9, 2014

By: _____
Kari Krogseng
Kari Krogseng
Assistant Chief Counsel

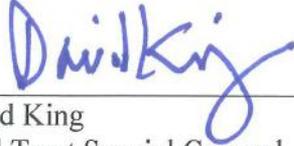
Approved as to form:

RUTAN & TUCKER, LLP

Jeffrey T. Melching
Attorneys for Petitioners City of Irvine and Successor Agency

[SIGNATURES CONTINUE, AND CONCLUDE, ON FOLLOWING PAGE]

HENSLEY LAW GROUP



David King
Land Trust Special Counsel

CALIFORNIA DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

Seth E. Goldstein
Deputy Attorney General
Attorneys for Respondents

HENSLEY LAW GROUP

David King
Land Trust Special Counsel

CALIFORNIA DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL



Seth E. Goldstein
Deputy Attorney General
Attorneys for Respondents

Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5H

From: Successor Agency to the La Palma Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving 2019-20 Recognized Obligation Payment Schedule (ROPS) and Administrative Budget

Recommended Action:

Approve resolution approving FY 2019-20 ROPS and Administrative Budget for the La Palma Successor Agency

The La Palma Successor Agency requests approval of the 2019-20 Recognized Obligation Payment Schedule (ROPS) and Administrative Budget.

On April 18, 2013, the City received a Finding of Completion from the State of California Department of Finance (DOF). The Finding of Completion allows the Successor Agency Oversight Board to approve the interfund advances from the City to the former CDC on the Recognized Obligation Payment Schedule (ROPS) beginning on July 1, 2014. The Finding of Completion also allows the Successor Agency to utilize proceeds derived from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants, per HSC Section 34191.4(c). Enforceable obligations of the City's former Community Development Commission (CDC) that are on the ROPS and eligible for RPTTF revenues are as follows:

- Debt Service (principal and interest) 1993 Tax Allocation Bonds – on December 1, 1993, the former CDC issued tax allocation bonds in the amount of \$5,100,000 to finance a portion of the cost of the redevelopment area known as the Former CDC Project Area. The bonds are in denominations of \$5,000 each and bear interest at rates ranging from 3.30% to 6.10%. Principal is payable annually on June 1. Interest is payable semiannually on June 1 and December 1. The remaining outstanding balance is \$268,430. Debt service will be fully amortized as of June 1, 2022.
- Debt Service (principal and interest) 2001 Refunding Tax Allocation Bonds – on December 1, 2001, the former CDC issued tax allocation bonds in the amount of \$6,200,000 to refund \$5,760,000 of 1991 tax allocation bonds previously issued and outstanding by the CDC. The refunding bonds are in denominations of \$5,000 each and bear interest at rates ranging from 2.5% to 5.5%. Principal is payable annually on June 1. Interest is payable semiannually on June 1 and December 1. The remaining outstanding balance is \$1,685,350. Debt service will be fully amortized as of June 1, 2021.
- Related bond expenses (bank fees, arbitrage fees)
- 1999 Loan for Senior Affordable Apartments - During the year ended June 30, 2001, the City Council authorized a \$4,933,000 advance to the former CDC. The CDC then used the proceeds to make a loan to a developer for the construction of a senior citizens affordable rental housing project. Interest on the advance accrues at a rate equal to the rate of return on City investments in LAIF plus 2.375%. Annual principal and interest payments were due from the former CDC over 30 years. The outstanding balance at June 30, 2018, is \$4,028,804 and is recorded as an advance from various City funds. Any payment to repay the advances is to be made from the net income of the Successor Housing Fund. No payments have been made since the dissolution of redevelopment to repay the advances.
- 2002 Loan to former CDC from City - In July 2002, the City loaned \$1,500,000 to the former CDC for the purpose of assisting a third-party business operation to rehabilitate its property, per the scope and guidelines of redevelopment law in force at the time of the loan. The annual payment to the City on the

advance is limited to 50% of the growth in residual revenue amounts above residual revenue for 2012. The balance due to the City consists of the unpaid principal portion as of February 1, 2012, and does not include any accrued interest. The amount of interest that can be charged to the Successor Agency on the advance payable is limited by AB 1X 26 and AB 1484 to the LAIF interest rate. The Successor Agency has projected sufficient cash flow from residual tax increment to pay back the advance by July 1, 2027. As required by statute, 20% of any loan repayment is required to be transferred to the Successor Housing Agency. The outstanding balance of the loan as of June 30, 2018, is \$736,383.

- Administrative costs of the Successor Agency

The Administrative Budget is to include expenses required to carry out Successor Agency activities and administration, legal and consulting expenses, the cost of information technology support, supplies, printing of agendas and agenda packets, posting, insurance, and associated facility costs. Total administrative costs for Fiscal Year 2019-20 is estimated at \$248,900.

The La Palma Successor Agency resolution approving the ROPS and Administrative Budget for FY 2019-20 will be voted upon at the January 15, 2019 City of La Palma Successor Agency regularly scheduled meeting. Successor Agency approval is subject to and approval by the Oversight Board and then by the State Department and Finance (DOF). The Successor Agency also requests authorization to post the approved Resolution and ROPS and Administrative Budget for FY 2019-20 to the City's website and to transmit the ROPS 2019-20 to the DOF. Further, the City of La Palma's City Manager and her designees, in consultation with legal counsel, shall be authorized to make augmentations, modifications, additions or revisions as may be necessary or directed by DOF.

Impact on Taxing Entities

There will be no impact on Taxing Entities beyond the necessary use of RPTTF revenue for repayment of Enforceable Obligations as required by law. All tax RPTTF revenue not used to fulfill Auditor Controller administrative costs; tax sharing obligations; and, Enforceable Obligations will be allocated by the Auditor Controller to all eligible taxing entities.

Attachments

- Oversight Board Resolution approving FY 2019-20 ROPS and Administrative Budget
 - Exhibit A 19-20 Recognized Obligation Payment Schedule
 - Exhibit B 19-20 Administrative Budget
- Resolution from La Palma Successor Agency
- Copies of Enforceable Obligations
 - 1993 Tax Allocation Bonds
 - Former CDC Resolution Approving 1993 Bond Issuance
 - 1993 Bond Indenture
 - 2001 Refunding Tax Allocation Bonds
 - Former CDC Resolution Approving 2001 Refunding Tax Allocation Bond Issuance
 - 2001 Refunding Tax Allocation Bond Indenture
 - Resolution of La Palma Oversight Board Recognizing City Loans to CDC as enforceable obligations with accompanying loan agreements

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE LA PALMA
REDEVELOPMENT AGENCY APPROVING THE THIRTEENTH
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 19-20 AND
ADMINISTRATIVE BUDGET FOR THE PERIOD JULY 1, 2019, THROUGH
JUNE 30, 2020

WHEREAS, the Community Development Commission of the City of La Palma (Former Agency) was activated by the City Council of the City of La Palma as redevelopment agency , under the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code (HSC), which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation (“Dissolution Law”); and

WHEREAS, as of February 1, 2012, the Former Agency was dissolved under the Dissolution Law, and as a separate public entity, corporate and politic under HSC Section 34171(g), the Successor Agency to the Community Development Commission (Successor Agency) administers the enforceable obligations of the Former Agency and otherwise unwinds the Former Agency’s affairs; and

WHEREAS, prior to July 1, 2018 under the Dissolution Law, in particular HSC Sections 34179 and 34180, certain actions of the Successor Agency were subject to the review and approval by a local seven-member oversight board, which oversaw and administered the Successor Agency’s activities during the period from dissolution until June 30, 2018; and

WHEREAS, as of, on and after July 1, 2018 under the Dissolution Law, in particular HSC Section 34179(j), the single Orange Countywide Oversight Board was established in compliance with HSC Section 34179(j), which serves as the oversight board to the 25 successor agencies existing and operating in Orange County, including the Successor Agency; and

WHEREAS, every oversight board, both the prior local oversight board and this newly established Orange Countywide Oversight Board, has fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues under the Dissolution Law, in particular HSC Section 34188; and

WHEREAS, HSC Section 34177(l)(1) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule (ROPS) and submit to the Oversight Board pursuant to HSC Sections 34177(l)(2)(B) for approval; and

WHEREAS, HSC Sections 34177(o) and 34179 provide that each Recognized Obligation Payment Schedule (“ROPS”) is submitted by the Successor Agency to the Oversight Board and then reviewed and approved by the Oversight Board before final review and approval by the California Department of Finance (“DOF”); and

WHEREAS, the Thirteenth Recognized Obligation Payment Schedule (ROPS 19-20) (Exhibit A) and Administrative Budget (Exhibit B) for the period of July 1, 2019, through June 30, 2020, has been prepared and presented for consideration to the Orange Countywide Oversight Board; and

WHEREAS, the Orange Countywide Oversight Board has reviewed and duly considered the ROPS 19-20 and Administrative Budget for the period of July 1, 2019, to June 30, 2020, and other evidence and testimony presented related thereto.

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD does hereby resolve as follows:

SECTION 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

SECTION 2. Pursuant to the Dissolution Law, the Oversight Board hereby approves the Thirteenth Recognized Obligation Payment Schedule (ROPS 19-20) and Administrative Budget for the period July 1, 2019, to June 30, 2020; provided however, that the ROPS 19-20 is subject to the condition that such ROPS is to be submitted to and reviewed by the DOF. Further, the City Manager and/or her authorized designees, in consultation with legal counsel, shall be authorized to discuss this matter with the DOF and make augmentations, modifications, additions, or revisions to the ROPS 19-20 as may be necessary or directed by the DOF.

SECTION 3. The Oversight Board authorizes transmittal of the ROPS 19-20 to the DOF, with copies to the County Executive Office, the County Auditor-Controller, and the State Controller’s Office.

SECTION 4. The City Manager and/or her authorized designee is directed to post this Resolution, including the ROPS 19-20, on the City/Successor Agency website pursuant to the Dissolution Law.

SECTION 5. Under HSC Section 34179(h) written notice and information about certain actions taken by the Orange Countywide Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF’s choosing. The Orange Countywide Oversight Board’s action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

SECTION 6. The Clerk of the Orange Countywide Oversight Board shall certify to the adoption of this resolution.

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: La Palma
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):	\$ -	\$ 535,262	\$ 535,262
B Bond Proceeds	-	-	-
C Reserve Balance	-	535,262	535,262
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 753,475	\$ 417,215	\$ 1,170,690
F RPTTF	629,025	292,765	921,790
G Administrative RPTTF	124,450	124,450	248,900
H Current Period Enforceable Obligations (A+E):	\$ 753,475	\$ 952,477	\$ 1,705,952

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

**La Palma Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see Cash Balance Tips Sheet .								
A	B	C	D	E	F	G	H	
		Fund Sources					Comments	
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF		
ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)		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		
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	879,874			8,481	7,438		
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	5,971			5,695	1,212,266		
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	6,905			955	1,211,757		
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)	878,940			8,481			
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						
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 4,740	\$ 7,947		

**Successor Agency to the Former
City of La Palma Community Development Commission
Administrative Budget
July 1, 2019 to June 30, 2020**

CATEGORY	2019-20
Salaries and Benefits	98,000
Agency Operations (Utilities, Office Supplies, Equipment, Maintenance, etc.)	45,700
Legal Services	10,300
Annual Audit Services	2,800
Consultant Services (HdL, Contract Accountant)	2,800
Risk Management (General Liability/Workers Comp/Property Ins.)	62,900
Technology (Maintenance & other equipment related expenses)	<u>26,400</u>
TOTAL	<u><u>248,900</u></u>

January 16, 2019
Kerilyn Kanny, CMC
Deputy

RESOLUTION NO. SA 2019-02

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA PALMA ACTING AS THE SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA APPROVING THE THIRTEENTH RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 19-20, AND ADOPTING AND APPROVING THE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET FOR THE PERIOD JULY 1, 2019, THROUGH JUNE 30, 2020

WHEREAS, the Community Development Commission of the City of La Palma (Former Agency) was activated by the City Council of the City of La Palma as redevelopment agency , under the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code (HSC), which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation ("Dissolution Law"); and

WHEREAS, as of February 1, 2012, the Former Agency was dissolved under the Dissolution Law, and as a separate public entity, corporate and politic under HSC Section 34171(g), the Successor Agency to the Community Development Commission (Successor Agency) administers the enforceable obligations of the Former Agency and otherwise unwinds the Former Agency's affairs; and

WHEREAS, HSC Section 34177(l)(1) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule (ROPS) and submit to the Oversight Board pursuant to HSC Sections 34177(l)(2)(B) for approval; and

WHEREAS, the Thirteenth Recognized Obligation Payment Schedule (ROPS 19-20 A/B) (Exhibit A) and Administrative Budget (Exhibit B) for the July 1, 2019, through June 30, 2020 period has been prepared and presented for consideration to the Successor Agency; and

WHEREAS, Health and Safety Code Section 34177(o)(1) of the Health and Safety Code requires a successor agency to submit an oversight board-approved ROPS to the Department of Finance and the County Auditor-Controller no later than February 1 of each year; and

WHEREAS, as of, on and after July 1, 2018, under the Dissolution Law, in particular HSC Section 34179(j), the County of Orange through the Orange County

Auditor-Controller established the single Orange Countywide Oversight Board in compliance with HSC Section 34179(j), which serves as the oversight board to the 25 successor agencies existing and operating in Orange County, including the Successor Agency; and

WHEREAS, the City Council acting as the Successor Agency has reviewed and duly considered the Staff Report, and the ROPS 19-20 and Administrative Budget for the period of July 1, 2019, to June 30, 2020, and other evidence and testimony presented related thereto.

NOW, THEREFORE, the City Council of the City of La Palma Acting as the Successor Agency to the Dissolved Community Development Commission resolves as follows:

SECTION 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

SECTION 2. The City Council acting as the Successor Agency, hereby approves the Thirteenth Recognized Obligation Payment Schedule (ROPS 19-20) for the period July 1, 2019, to June 30, 2020, as attached hereto as Exhibit "A" and incorporated herein by this reference.

SECTION 3. The City Council acting as the Successor Agency, hereby approves the proposed Administrative Budget, attached hereto as Exhibit "B" and incorporated herein by this reference.

SECTION 3. The City Manager and/or her authorized designees are hereby authorized to submit the ROPS 19-20 and Administrative Budget for the period July 1, 2019, to June 30, 2020, to the Orange Countywide Oversight Board for its approval.

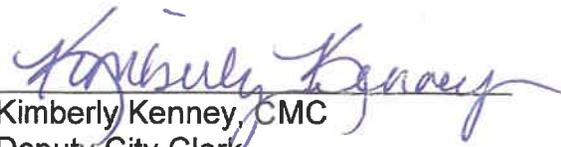
SECTION 4. The City Manager and/or her authorized designees are hereby authorized to submit the ROPS 19-20 for the period July 1, 2019, to June 30, 2020, to the Orange County Auditor-Controller, the California State Controller, and the California Department of Finance, upon approval by the Orange Countywide Oversight Board and shall also post the ROPS 19-20 on the City's website.

PASSED, APPROVED, AND ADOPTED this 15th day of January 2019.



Marshall Goodman
Mayor

ATTEST:



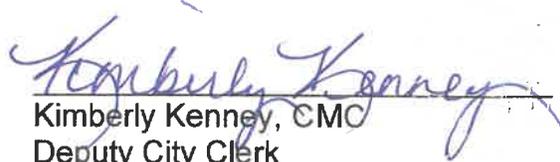
Kimberly Kenney, CMC
Deputy City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LA PALMA)

I, KIMBERLY KENNEY, Deputy City Clerk of the City of La Palma, HEREBY DO CERTIFY that the foregoing resolution was adopted at a regular meeting of the City Council of the City of La Palma, held on this 15th day of January 2019.

AYES: Goedhart, Goodman, Kim, Patel, and Steggell

NOES: None


Kimberly Kenney, CMC
Deputy City Clerk

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: La Palma
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):	\$ -	\$ 535,262	\$ 535,262
B Bond Proceeds	-	-	-
C Reserve Balance	-	535,262	535,262
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 753,475	\$ 417,215	\$ 1,170,690
F RPTTF	629,025	292,765	921,790
G Administrative RPTTF	124,450	124,450	248,900
H Current Period Enforceable Obligations (A+E):	\$ 753,475	\$ 952,477	\$ 1,705,952

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

La Palma 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	19-20A (July - December)					Q	19-20B (January - June)					W
											Fund Sources						Fund Sources					
											L	M	N	O	P		R	S	T	U	V	
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
1	1993 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	12/1/1993	6/1/2022	US Bank	Tax Increment Bond Pledge	All	3,900,581	N	\$ 1,705,952	\$ 0	\$ 0	\$ 0	\$ 629,025	\$ 124,450	\$ 753,475	\$ 0	\$ 535,262	\$ 0	\$ 292,765	\$ 124,450	\$ 952,477
2	2001 Tax Allocation Ref. Bonds	Bonds Issued On or Before 12/31/10	12/1/2001	6/1/2021	US Bank	Tax Increment Bond Pledge	All	268,430	N	\$ 44,030	\$ 0	\$ 0	\$ 0	\$ 7,015	\$ 0	\$ 7,015	\$ 0	\$ 0	\$ 0	\$ 37,015	\$ 0	\$ 37,015
3	1999 Loan Agreement (Seasons)	City/County Loan (Prior 06/28/11), Other	10/28/1999	10/28/2029	City of La Palma	Senior Affordable Apartments	All	1,685,350	N	\$ 825,525	\$ 0	\$ 0	\$ 0	\$ 42,763	\$ 0	\$ 42,763	\$ 0	\$ 535,262	\$ 0	\$ 247,500	\$ 0	\$ 782,762
4	2002 Loan Agreement (Unisource)	City/County Loan (Prior 06/28/11), Other	5/21/2002	6/1/2022	City of La Palma	Site Rehabilitation Loan	All	513,739	N	\$ 40,735	\$ 0	\$ 0	\$ 0	\$ 40,735	\$ 0	\$ 40,735	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
9	TAB Fees	Fees	12/1/1993	6/1/2022	U.S. Bank	1993, 2001 TAB Fees	All	13,750	N	\$ 8,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,250	\$ 0	\$ 8,250
10	Arbitrage Calculations	Fees	8/12/2003	6/1/2022	Willdan Financial Svcs	Arbitrage Calculations	All	9,050	N	\$ 3,250	\$ 0	\$ 0	\$ 0	\$ 3,250	\$ 0	\$ 3,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16	AB 1X26 Administrative Allowance	Admin Costs	7/1/2016	6/30/2017	City of La Palma	Administrative Cost Allowance	All	875,000	N	\$ 248,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 124,450	\$ 124,450	\$ 0	\$ 0	\$ 0	\$ 0	\$ 124,450	\$ 124,450
19	1993 Tax Allocation Bonds	Reserves	12/1/1993	6/1/2022	US Bank	Tax Increment Bond Pledge	All		N	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
20	2001 Tax Allocation Ref. Bonds	Reserves	12/1/2001	6/1/2021	US Bank	Tax Increment Bond Pledge	All	535,262	N	\$ 535,262	\$ 0	\$ 0	\$ 0	\$ 535,262	\$ 0	\$ 535,262	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
21									N	\$ -						\$ -						\$ -
22									N	\$ -						\$ -						\$ -
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**La Palma Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see Cash Balance Tips Sheet .							
A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)							
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	879,874			8,481	7,438	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	5,971			5,695	1,212,266	
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	6,905			955	1,211,757	
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)	878,940			8,481		
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					
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 4,740	\$ 7,947	

**Successor Agency to the Former
City of La Palma Community Development Commission
Administrative Budget
July 1, 2019 to June 30, 2020**

CATEGORY	2019-20
Salaries and Benefits	98,000
Agency Operations (Utilities, Office Supplies, Equipment, Maintenance, etc.)	45,700
Legal Services	10,300
Annual Audit Services	2,800
Consultant Services (HdL, Contract Accountant)	2,800
Risk Management (General Liability/Workers Comp/Property Ins.)	62,900
Technology (Maintenance & other equipment related expenses)	<u>26,400</u>
TOTAL	<u><u>248,900</u></u>

RESOLUTION NO. CDC 93-25

A RESOLUTION OF THE LA PALMA COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA APPROVING THE ISSUANCE OF ITS LA PALMA COMMUNITY DEVELOPMENT PROJECT NO. 1, 1993 TAX ALLOCATION BONDS, A FORM OF INDENTURE, A FORM OF A BOND PURCHASE AGREEMENT, A FORM OF AN ESCROW DEPOSIT AND TRUST AGREEMENT, A FORM OF AN OFFICIAL STATEMENT, AND MAKING CERTAIN DETERMINATIONS RELATING THERETO

WHEREAS, the Community Development Commission of the City of La Palma (the "Commission") is a redevelopment agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law, being Section 33000 and following of the Health and Safety Code of the State of California, and the Powers of the Agency include the power to issue bonds for any of its corporate purposes; and

WHEREAS, a redevelopment plan, known as the Community Development Plan for the La Palma Community Development Project No. 1, has been adopted and approved by Ordinance No. 83-7, which was adopted on May 3, 1983, was amended on May 5, 1987 and was further amended on June 23, 1992; and

WHEREAS, the Commission, in order to provide additional financing for the Project, has determined to issue its not to exceed \$6,000,000.00 principal amount of its La Palma Community Redevelopment Project No. 1, 1993 Tax Allocation Bonds, (the "Bonds") for the purpose of advance refunding its La Palma Community Development Project No. 1, 1988 Tax Allocation Bonds (the "1988 Bonds"); and

WHEREAS, the Commission caused a noticed public hearing to be conducted on October 19, 1993, for the purpose of receiving public comment concerning the facilities to be financed by the Bonds, as required by the Internal Revenue Code of 1986, and the terms of the notice for such hearing (the "TEFRA Notice") are hereby incorporated by this reference; and

WHEREAS, there has been presented at this meeting a form of Supplemental Trust Indenture No. 2, a Bond Purchase Agreement, and an Escrow Deposit and Trust Agreement providing for the issuance of the Bonds; and

NOW, THEREFORE, BE IT RESOLVED by the Community Development Commission of the City of La Palma as follows:

SECTION 1. APPROVAL OF ISSUANCE OF BONDS. The issuance of its La Palma Community Development Commission, La Palma Community Development Project No. 1, 1993 Tax Allocation Bonds in a principal amount not to exceed \$6,000,000.00 to advance refund the 1988 bonds, to establish a reserve fund, to pay the costs of issuance of the Bonds, and for other purposes related thereto as set forth in the TEFRA Notice, all of which constitute a "redevelopment activity,"

as such term is defined in Health and Safety Code Section 33678, is hereby authorized and approved. Said approval is also intended to satisfy the requirement of Section 147(f) of the Internal Revenue Code of 1986, regarding public approval by the issuer of bonds.

SECTION 2. Approval of Supplemental Trust Indenture. The form of Trust Indenture No. 2 dated as of October 1, 1993 by and between the Commission and Bank of America National Trust and Savings Association, as trustee (the "Indenture") presented at this meeting is hereby approved and the Chairperson or Vice Chairperson or Executive Director and the Secretary are hereby authorized and directed, for and in the name of and on behalf of the Commission, to execute, acknowledge and deliver said Indenture in substantially the form presented at this meeting with such changes therein as the officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. Approval of the Bond Purchase Agreement. The form of the Bond Purchase Agreement relating to the purchase of the Bonds by Miller & Schroeder Financial, Inc., (the "Underwriter") a copy of which will be on file with the Secretary of the Commission, be and is hereby approved, or with such changes as may be approved by the Chairperson or any Vice Chairperson or Executive Director of the Commission, said execution thereof to constitute conclusive evidence of said officer's approval of all changes from the form presented to this meeting, and the Chairperson or any Vice Chairperson or Executive Director of the Commission be and is hereby authorized, together or alone, to execute and deliver said Agreement and to insert in the aforesaid Agreement the dollar amount which reflects the provisions of said Bond Purchase Agreement. Provided, however, that (1) the aggregate principal amount of the Bonds shall not exceed \$6,000,000.00; and (2) the Agency shall have received from the Underwriter prior to the sale of the Bonds its confirmation that the Bonds will have a net interest cost (computed on the face amount thereof without discount) of not more than seven percent (7%), with an initial underwriter's discount of no more than two percent (2%) exclusive of any original issue discount.

SECTION 4. Approval of Escrow Deposit and Trust Agreements. The proposed form of the Escrow Deposit and Trust Agreement (the "Escrow Agreement") in substantially the form on file with the Secretary, with any amendments approved by the Executive Director, is hereby approved. The Chairperson or Executive Director are hereby authorized and directed to execute and deliver, and the Secretary is hereby authorized and directed to attest and affix the seal of the Commission to, the Escrow Agreement in substantially said form, with such additions thereto or changes therein as are approved by the Executive Director upon consultation with Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Escrow Agreement by the Chairperson or Executive Director.

SECTION 5. Appointment of Trustee. Bank of America National Trust and Savings Association is hereby appointed as Trustee pursuant to the Indenture, to take any and all action provided therein to be taken by the Trustee.

SECTION 6. Official Statement Authorized. The Preliminary Official Statement relating to the Bonds, prepared by the Underwriter is approved for

distribution by the Underwriter to municipal bond broker-dealers, to banking institutions, and to members of the general public who may be interested in purchasing the Bonds. The Executive Director is authorized to approve the amendment of the Preliminary Official Statement, from time to time, pending distribution of the Preliminary Official Statement as shall be required to cause such Preliminary Official Statement to contain any further information necessary to accurately describe the Bonds and the Executive Director is authorized to deem final the Preliminary Official Statement as of its date for the purchase of Rule 15c2-12 under the Securities Exchange Act of 1934 as amended. The final Official Statement relating to the Bonds shall be submitted to the Executive Director for approval and signature.

SECTION 7. Fiscal Redevelopment Consultant and Bond Counsel. The consulting firm of Rosenow Spejacek Group, Inc. and the law firm of Rutan & Tucker are hereby retained as Fiscal Redevelopment Consultant and Bond Counsel, respectively.

SECTION 8. Filing of CDAC Notice. The Commission hereby approves the filing by the Underwriter or Bond Counsel of a notice of the Commission's intent to sell the Bonds with the California Debt Advisory Commission pursuant to Section 8855 of the California Government Code.

SECTION 9. Designation of Bonds. The Bonds are hereby designated as "qualified tax-exempt obligations" pursuant to and as defined in Section 265(b) (3) of the Internal Revenue Code of 1986.

SECTION 10. Other Acts. The officers and staff of the Commission are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with Bond Counsel, they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds, or otherwise effectuate the purposes of this Resolution, and any and all such actions previously taken by such officers or staff members are hereby ratified and confirmed.

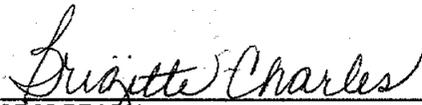
SECTION 11. Effective Date. This Resolution shall take effect upon adoption.

ADOPTED AND APPROVED by the Community Development Commission of the City of La Palma this 19th day of OCTOBER, 1993.



CHAIRMAN

ATTEST:



SECRETARY

APPROVED:



EXECUTIVE DIRECTOR

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS.
CITY OF LA PALMA)

I, BRIGITTE CHARLES, Secretary of the Community Development Commission of the City of La Palma, California, DO HEREBY CERTIFY that the foregoing Resolution was adopted by the Community Development Commission at a regular meeting of the Commission held on the 19th day of October, 1993, and that it was so adopted by called vote as follows:

AYES: Herman, Lim, Linn, Miner, Schuster

NOES: None

ABSENT: None


BRIGITTE CHARLES, SECRETARY

SUPPLEMENTAL TRUST INDENTURE NO. 2

By and Between

LA PALMA COMMUNITY DEVELOPMENT COMMISSION

and

**BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION,**

as Trustee

Dated as of December 1, 1993

**Relating to
\$5,100,000.00 La Palma Community Development Project No. 1
1993 Tax Allocation Refunding Bonds**

TABLE OF CONTENTS

ARTICLE I - STATUTORY AUTHORITY AND DEFINITIONS 3

Section 1.01. Authority for this Indenture 3

Section 1.02. Indenture Constitutes Contract 3

Section 1.03. Definitions 4

ARTICLE II - THE BONDS 15

Section 2.01. Authorization 15

Section 2.02. Terms of Bonds 16

Section 2.03. Redemption 17

Section 2.04. Form of Bonds 19

Section 2.05. Execution of Bonds 19

Section 2.06. Intentionally Omitted 20

Section 2.07. Transfer of Bonds 20

Section 2.08. Exchange of Bonds 20

Section 2.09. Bond Register 20

Section 2.10. Temporary Bonds 20

Section 2.11. Bonds Mutilated, Lost, Destroyed
or Stolen 21

ARTICLE III - ISSUE OF BONDS, ADDITIONAL BONDS 21

Section 3.01. Issuance and Delivery of Bonds 21

Section 3.02. Application of Proceeds of Sale
of Bonds and Other Monies 22

Section 3.03. Redevelopment Fund 23

Section 3.04. Issuance of Additional Bonds 23

Section 3.05. Validity of Bonds 25

ARTICLE IV - THE TAX REVENUES; SPECIAL FUND AND ACCOUNTS;
SURPLUS 25

Section 4.01. Pledge of Tax Revenues 25

Section 4.02. Special Fund 25

Section 4.03. Establishment and Maintenance
of Accounts for Tax Revenues; Use and
Withdrawal of Tax Revenues 26

ARTICLE V - OTHER COVENANTS OF THE COMMISSION 30

Section 5.01. Punctual Payment 30

Section 5.02. Extension of Time for Payment 30

Section 5.03. Against Encumbrances 30

Section 5.04. Management and Operations of Properties 30

Section 5.05. Payment of Claims 30

Section 5.06. Books and Accounts; Financial Statement 30

Section 5.07. Protection of Security and Rights of
Bondowners 31

Section 5.08. Payments of Taxes and Other Charges 31

Section 5.09.	Compliance with Law, Completion of Project	31
Section 5.10.	Amendment of Redevelopment Plan and Disposition of Property	32
Section 5.11.	Single Sum Payments in Lieu of Taxes	33
Section 5.12.	Tax Revenues	33
Section 5.13.	Eminent Domain	33
Section 5.14.	Further Assurances	33
Section 5.15.	Taxation of Leased Property	33
Section 5.16.	Non-Arbitrage Bonds	34
Section 5.17.	Private Activity Bonds	34
Section 5.18.	Compliance with the Code	35
Section 5.19.	Federal Guarantee Prohibition	35
Section 5.20.	Amendment of Payment Schedule.	35
ARTICLE VI - THE TRUSTEE		35
Section 6.01.	Appointment of Trustee.	35
Section 6.02.	Compensation and Indemnity	36
Section 6.03.	Liability of Agents	37
Section 6.04.	Merger of Trustee	37
Section 6.05.	Survival of Rights	37
Section 6.06.	Notice to Agents	37
Section 6.07.	Deposit and Investment of Monies in Funds or Accounts.	38
Section 6.08.	Accounting Records and Financial Statements	38
Section 6.09.	Rebate Fund	40
Section 6.10.	Exception to Arbitrage Rebate	41
ARTICLE VII - MODIFICATION OR AMENDMENT OF THE INDENTURE		41
Section 7.01.	Amendments Permitted	41
Section 7.02.	Bondowners' Meetings	42
Section 7.03.	Procedure for Amendment with Written Consent of Bondowners	42
Section 7.04.	Disqualified Bonds	43
Section 7.05.	Effect of Additional Supplemental Indenture	44
Section 7.06.	Endorsement or Replacement of Bonds Issued After Amendments	44
Section 7.07.	Amendatory Endorsement of Bonds	44
ARTICLE VIII - EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS		44
Section 8.01.	Events of Default and Acceleration of Maturities	44
Section 8.02.	Application of Funds Upon Acceleration	46
Section 8.03.	Other Remedies of Bondowners	47
Section 8.04.	Non-Waiver	47
Section 8.05.	Actions by Trustee as Attorney-in-Fact	48
Section 8.06.	Remedies Not Exclusive	48
ARTICLE IX - MISCELLANEOUS		48

Section 9.01.	Benefits of Indenture Limited to Parties	48
Section 9.02.	Successor is Deemed Included in All References to Predecessor	48
Section 9.03.	Complete or Partial Defeasance of Bonds .	49
Section 9.04.	Execution of Documents and Proof of Ownership by Bondowners	49
Section 9.05.	Waiver of Personal Liability	50
Section 9.06.	Intentionally Omitted	50
Section 9.07.	Destruction of Canceled Bonds	50
Section 9.08.	Notices and Demands on Commission and Trustee	50
Section 9.09.	Partial Invalidity	51
Section 9.10.	Effective Date of Indenture	51
Section 9.11.	Governing Law	51

SUPPLEMENTAL TRUST INDENTURE NO. 2

THIS SUPPLEMENTAL TRUST INDENTURE NO. 2 (the "Indenture") is made and entered into as of December 1, 1993, by and between the La Palma Community Development Commission, a public body, corporate and politic, organized and existing under, and by virtue of the laws of the State of California (the "Commission"), and Bank of America National Trust and Savings Association, a national banking association organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States with a corporate trust office located in Los Angeles, California, as trustee (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the Commission is a redevelopment agency, a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, including the power to issue bonds, notes and other obligations for any of its corporate purposes;

WHEREAS, a Community Development Plan for the La Palma Community Development Project No. 1 has been adopted in compliance with all requirements of law;

WHEREAS, the Commission has by Resolution No. CDC 93-25, adopted October 19, 1993 (the "Resolutions"), authorized the issuance of its La Palma Community Development Project No. 1, 1993 Tax Allocation Refunding Bonds, in the principal amount of \$5,100,000.00 to advance refund its La Palma Community Development Project No. 1, 1988 Tax Allocation Bonds (the "1988 Bonds") and finance the cost of certain public improvements to be constructed and installed within and without La Palma Community Development Project No. 1 and other expenditures authorized by the law;

WHEREAS, the Commission has now determined to issue the Bonds and to enter into this Indenture to secure the Bonds by a pledge and assignment of the Tax Revenues (subject to the limitations hereinafter set forth in Section 4.01) and certain proceeds of the Bonds; and

WHEREAS, all things necessary to cause the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, to be valid, binding and legal special obligations of the Commission in accordance with their terms, and to constitute this Indenture a valid assignment and pledge of the Tax Revenues pledged to the payment of principal of and interest and any redemption premium on the Bonds (subject to the limitations hereinafter set forth in Section 4.01), and all things necessary to cause the creation, execution and delivery of this Indenture and the

creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

WHEREAS, the Commission desires to issue the Bonds on parity with its La Palma Community Development Project No. 1, 1991 Tax Allocation Bonds (the "1991 Bonds");

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

The Commission, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest and any redemption premium on the Bonds according to their tenor and effect and to secure the performance and observance by the Commission of all the covenants expressed or implied herein and in the Bonds, does hereby assign and pledge unto, and grant a security interest in the following (the "Trust Estate") to Bank of America National Trust and Savings Association, as Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Commission hereinafter set forth:

GRANTING CLAUSE FIRST

Subject to the limitations set forth in Section 4.01 hereof, all right, title and interest of the Commission in and to the Tax Revenues, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any Tax Revenues payable to or receivable by the Commission under the Constitution of this State and the Law and any other applicable laws of this State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which the Commission is or may become entitled to do thereunder, subject to the terms hereof.

GRANTING CLAUSE SECOND

All monies and securities and all other rights of every name and nature from time to time herein or hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the Commission or by anyone in its behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever for the benefit

of the Bondowners and such pledge shall constitute a lien on and security interest in such Trust Estate;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Commission, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the Bonds due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as herein provided, this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the Tax Revenues hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Commission has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Indenture. This Indenture is entered into pursuant to the provisions of the Law and Resolution No. CDC 93-25, adopted by the Commission on October 19, 1993.

Section 1.02. Indenture Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Commission, the Trustee and the Owners of the Bonds. The pledge made in this Indenture and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Commission shall be for the equal benefit, protection

and security of the Owners of any and all of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Indenture.

Section 1.03. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Indenture, of any Additional Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

Additional Bonds

"Additional Bonds" means all bonds or notes ranking on a parity with the 1991 Bonds and the Bonds issued hereunder and issued under and pursuant to Section 3.04 and an Additional Supplemental Indenture.

Additional Supplemental Indenture

"Additional Supplemental Indenture" or "Supplemental Indenture" or "Additional Supplemental Resolution" means any indenture or resolution then in full force and effect which has been duly approved or adopted by the Commission under the Law, or any act supplementary thereto or amendatory thereof, at a meeting of the Commission duly convened and held, at which a quorum was present and acted thereon, amendatory of or supplemental to the 1991 Indenture and not including this Indenture; but only if and to the extent that such Additional Supplemental Indenture is specifically authorized hereunder.

Annual Debt Service

"Annual Debt Service" means for each Bond Year, the sum of (1) the interest falling due on the Outstanding Bonds of all series in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (2) the principal amount of the Outstanding Bonds falling due by their terms in such Bond Year, using for such determination of principal amount with respect to Term Bonds, the amount of Sinking Account payments falling due in such Bond Year.

Articles, Sections

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

1988 Bonds

"1988 Bonds" means the La Palma Community Development Project No. 1, 1988 Tax Allocation Bonds in the amount of \$4,950,000.00.

1991 Bonds

"1991 Bonds" means the La Palma Community Development Project No. 1, 1991 Tax Allocation Bonds in the amount of \$6,500,000.00.

Bond Counsel

"Bond Counsel" means any attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

Bonds, Serial Bonds, Term Bonds

"Bonds" means the La Palma Community Development Commission, La Palma Community Development Project No. 1, 1993 Tax Allocation Refunding Bonds authorized by, and at any time Outstanding pursuant to this Indenture.

"Serial Bonds" means Bonds for which no mandatory Sinking Account payments are provided.

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from mandatory Sinking Account payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Proceeds Fund

"Bond Proceeds Fund" means the fund by that name established by Section 3.02.

Bond Year

"Bond Year" means the twelve (12) month period commencing on June 2 of each year and continuing through the following June 1 of the next succeeding year, provided that the first Bond Year shall extend from the Closing Date to June 1, 1994.

Business Day

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Trustee has its principal corporate trust office, or in the City of New York, New York are authorized or obligated by law or executive order to be closed.

Chairperson

"Chairperson" means the chairman of the Commission appointed pursuant to Section 33113 of the Health and Safety Code of the State of California, or other duly appointed officer of the Commission authorized by the Commission by resolution or by-law to perform the functions of the chairperson in the event of the chairperson's absence or disqualification.

Closing Date

"Closing Date" means the day when the Bonds, duly authenticated by the Trustee, are delivered to the original purchaser thereof.

Code

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations adopted thereunder by the Internal Revenue Service.

Commission

"Commission" means the La Palma Community Development Commission, a public body, corporate and politic, established under the Law.

Cost of Issuance

"Cost of Issuance" means items of expense payable or reimbursable directly or indirectly by the Commission and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Trustee, including Trustee counsel fees, expenses incurred by the Commission in connection with the issuance of the Bonds, underwriter's discount, legal fees and charges, including Bond Counsel, special tax counsel and financial consultants's fees, costs of verifications, rating agency fees, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

Cost of Issuance Account

"Cost of Issuance Account" means the account by that name established by Section 3.02.

County

"County" means the County of Orange.

County Assessor

"County Assessor" means the person who holds the office in the County in which the Commission is located designated as the County Assessor, or one of his duly appointed deputies, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

County Auditor-Controller

"County Auditor-Controller" means the person who holds the office in the County in which the Commission is located designated as the County Auditor-Controller, or one of his duly appointed deputies, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

Escrow Agreement

"Escrow Agreement" means that Escrow Deposit and Trust Agreement between the Commission and the Escrow Agent dated as of December 1, 1993.

Escrow Agent

"Escrow Agent" means Bank of America National Trust and Savings Association appointed pursuant to the Escrow Agreement.

Escrow Fund

"Escrow Fund" means that fund established pursuant to Section 3 of the Escrow Agreement.

"Excess Earnings Account Fund" means that account established pursuant to Section 6.09 hereof.

Excess Investment Earnings

"Excess Investment Earnings" has the meaning ascribed in Section 6.09 hereof.

Federal Securities

"Federal Securities" means any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State for trust funds held by the Trustee:

- (a) Direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America (including state and

local government series), including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

- (b) Any of the following obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank, (ii) certificates of beneficial ownership issued by the Farmers Home Administration, (iii) participation certificates issued by the General Services Administration, (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (v) project notes issued by the United States Department of Housing and Urban Development, and (vi) public housing notes and bonds guaranteed by the United States of America; or
- (c) Obligations of states or of any political subdivisions thereof, provided that the payment of principal thereof and interest thereon is fully secured by obligations described in (a) and/or (b) above.

Fiscal Year

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both inclusive, or any other twelve-month period hereafter selected and designated by the Commission as its official fiscal year period.

Gross Proceeds

"Gross Proceeds" has the meaning given to such term in Section 148(f)(6)(B) of the Code.

1988 Indenture

"1988 Indenture" means that Trust Indenture by and between the La Palma Community Development Commission and Bank of America National Trust and Savings Association dated as of May 1, 1988.

1991 Indenture

"1991 Indenture" means that Supplemental Trust Indenture No. 1 by and between the La Palma Community Development Commission and Bank of America National Trust and Savings Association dated as of October 1, 1991.

Indenture

"Indenture" means this Supplemental Trust Indenture No. 2, as it may be amended or supplemented by any Additional Supplemental Indenture adopted pursuant to the provisions hereof.

Independent Certified Public Accountant

"Independent Certified Public Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State of California, appointed by the Commission, and who, or each of whom:

(1) is in fact independent and not under domination of the Commission;

(2) does not have any substantial interest, direct or indirect, with the Commission; and

(3) is not connected with the Commission as an officer or employee of the Commission, but who may be regularly retained to make reports to the Commission.

Independent Financial Consultant

"Independent Financial Consultant" means any financial consultant or firm of such consultants appointed by the Commission, and who, or each of whom:

(1) is in fact independent and not under domination of the Commission;

(2) does not have any substantial interest, direct or indirect, with the Commission; and

(3) is not connected with the Commission as an officer or employee of the Commission, but who may be regularly retained to make reports to the Commission.

Interest Account

"Interest Account" means the account by that name established pursuant to Section 4.03.

Interest Payment Date

"Interest Payment Date" means June 1 and December 1 of each year while the Bonds are Outstanding.

Investment Account

"Investment Account" means the account by that name established pursuant to Section 6.09.

Investment Agreement

"Investment Agreement" means an investment which is a legal investment for proceeds of the Bonds at the time of the execution of such agreement, and which investment is made pursuant to an

agreement among the Commission, the Trustee and a financial institution or governmental agency or instrumentality.

Investment Earnings

"Investment Earnings" means all interest earned and any gains and losses on the funds and accounts established by this Indenture (excluding the Rebate Fund) and held by the Trustee.

Law

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California, and the acts amendatory thereof and supplemental thereto.

Letter of Instructions or Rebate Certificate

"Letter of Instructions" or "Rebate Certificate" means the letter or certificate delivered on the Closing Date regarding compliance with the Code, and as it may be supplemented or amended from time to time.

Maximum Annual Debt Service

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

Non-Purpose Obligations

"Non-Purpose Obligations" has the meaning given to such term in Section 148(f)(6)(A) of the Code.

Outstanding

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.04) all Bonds except--

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Commission pursuant to the Indenture or any Additional Supplemental Indenture.

Owner, Bondowner

"Owner" or "Bondowner" means any person who shall be the registered owner of any Outstanding fully registered Bond.

Permitted Investments

"Permitted Investments" mean: (1) Federal Securities; (2) any of the following obligations of federal agencies not guaranteed by the United States of America: (a) debentures issued by the Federal Housing Administration; (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation or Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks or Banks for Cooperatives); (c) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds of any federal home loan bank established under said act and bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; and bonds, notes or other obligations issued or assumed by the International Bank for Reconstruction and Development; (3) interest-bearing demand or time deposits (including certificates of deposit) in federal or State chartered banks (including the Trustee), provided that (i) in the case of a savings and loan association, such demand or time deposits shall be fully insured by an agency of the United States, or the unsecured obligations of such savings and loan association shall be rated in one of the top two rating categories by Moody's Investors Service, and (ii) in the case of a bank, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such bank (or the unsecured obligations of the parent bank holding company of which such bank is the lead bank) shall be rated in one of the top two rating categories by Moody's Investors Service; (4) repurchase agreements with a registered broker/dealer subject to the Securities Investors' Protection Corporation liquidation in the event of insolvency, or any commercial bank provided that: (i) the unsecured obligations of such bank shall be rated in one of the top two rating categories by Moody's Investors Service, or such bank shall be the lead bank of a banking holding company whose unsecured obligations are rated in one of the top two rating categories by Moody's Investors Service; (ii) the most recent reported combined capital, surplus and undivided profits of such bank shall be not less than \$100 million; (iii) the repurchase obligation under any such repurchase obligation shall be required to be performed in not more than thirty (30) days; (iv) the entity holding such securities as described in clause (iii) shall have a pledged first security interest therein for the benefit of the Trustee under the California Commercial Code or pursuant to the book entry procedures described by 31 C.F.R. 306.1 et. seq. or 31 C.F.R. 350.0 et. seq. and are rated in one of the top two rating categories by Moody's Investors Service; (5) bankers acceptances endorsed and guaranteed by banks described in clause (4) above; (6) obligations, the interest on which is exempt from federal income taxation under

Section 103 of the Code and which are rated in the one of the top two rating categories by Moody's Investors Service; (7) any Investment Agreement approved by a nationally recognized bond counsel with any investment agreement provider that is rated in one of the top two rating categories by Moody's Investors Service; or (8) units of a taxable government money market portfolio composed solely of (or fully secured by) obligations listed in (1) above.

Principal Account

"Principal Account" means the Account by that name established by Section 4.03.

Project, Redevelopment Project

"Project" or "Redevelopment Project" means the undertaking of the Commission pursuant to the Redevelopment Plan, as amended, and the Law for the redevelopment of the Project Area, as amended.

Project Area, Redevelopment Project Area

"Project Area" or "Redevelopment Project Area" means the La Palma Community Development Project Area No. 1 described in the Redevelopment Plan, as amended on May 3, 1987, June 2, 1987, July 7, 1992 and hereafter.

Rebate Fund

"Rebate Fund" means the fund by that name established and held by the Trustee pursuant to Section 6.09 hereof.

Redemption Account

"Redemption Account" means the account by that name established by Section 4.03.

Redevelopment Fund

"Redevelopment Fund" means the fund by that name established by Section 3.03.

Redevelopment Plan, Plan

"Redevelopment Plan" or "Plan" means the Community Development Plan for the La Palma Community Development Project No. 1 approved and adopted by Ordinance No. 83-7, adopted by the City Council of the City of La Palma on May 3, 1983, as amended on May 5, 1987 and Ordinance No. 87-03 adopted by the City Council of the City of La Palma on June 2, 1987, as amended by Ordinance No. 92-06 on July 7, 1992, and as hereafter amended in accordance with the Law.

Report

"Report" means a report in writing signed by an Independent Financial Consultant and including --

(1) a statement that the person or firm making or giving such report has read the pertinent provisions of this Indenture to which such report relates;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based;

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the report.

Reserve Account

"Reserve Account" means the account by that name established by Section 4.03.

Reserve Requirement

"Reserve Requirement" means as of the date of calculation an amount equal to the lesser of ten percent (10%) of the original principal amount (less any underwriter's discount) of the Bonds and any Additional Bonds or the Maximum Annual Debt Service on the Bonds and any Additional Bonds.

Sinking Account

"Sinking Account" the account by that name established pursuant to Section 4.03.

Special Fund

"Special Fund" means the fund by that name established by Section 4.02.

1988 Special Fund

"1988 Special Fund" means the fund by that name established in Section 4.02 of the 1988 Indenture.

1991 Special Fund

"1991 Special Fund" means the fund by that name established in Section 4.02 of the 1991 Indenture.

State

"State" means the State of California.

Surplus Account

"Surplus Account" means the account by that name established pursuant to Section 4.03.

Tax Increment Revenues

"Tax Increment Revenues" means that portion of taxes in the Redevelopment Project and received by the Commission, which is allocated to and paid into a special fund of the Commission pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, excluding that portion of Tax Increment Revenues required by Section 33334.2 of the Law to be used by the Commission for increasing and improving the supply of low and moderate income housing, all as more particularly set forth hereafter in this Indenture and in any Additional Supplemental Indenture authorizing the issuance of Additional Bonds.

Tax Revenue Certificate

"Tax Revenue Certificate" means a certificate of the Commission, executed by the Executive Director or the Treasurer of the Commission, stating the amount of Tax Revenues received or to be received by the Commission in the then current Fiscal Year, accompanied, in the case of a statement of Tax Revenues to be received, by a statement from the County Auditor-Controller or from an Independent Financial Consultant of Tax Revenues to be paid to the Commission.

Tax Revenues

"Tax Revenues" means (a) Tax Increment Revenues received by the Commission, (b) Investment Earnings, and (c) reimbursements, subventions, but excluding payments to the Commission with respect to personal property within the Redevelopment Project pursuant to Section 16110, et seq., of the Government Code, and other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes. Tax Revenues shall not include amounts payable by the Commission under agreements entered into pursuant to Section 33401 of the Law.

Treasurer

"Treasurer" means the treasurer of the Commission appointed pursuant to the Law, or other duly appointed officer of the Commission authorized by the Commission by resolution or bylaw to perform the functions of the treasurer including, without limitation, the Assistant Treasurer of the Commission.

1988 Trustee

"1988 Trustee" means Bank of America National Trust and Savings Association as Trustee pursuant to the 1988 Indenture.

1991 Trustee

"1991 Trustee" means Bank of America National Trust and Savings Association as trustee pursuant to the 1991 Indenture.

Trustee

"Trustee" means the Trustee appointed by the Commission as herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01.

Written Request of the Commission

"Written Request of the Commission" means an instrument in writing signed by the Chairperson or Executive Director or by any other officer of the Commission duly authorized by the Commission for that purpose.

Yield

"Yield" has the meaning given to such term in Section 148 of the Code.

Yield on the Bonds or Bond Yield

"Yield on the Bonds" or "Bond Yield" means 7.0832064% per annum.

ARTICLE II

THE BONDS

Section 2.01. Authorization. There are hereby authorized to be issued by the Commission under and subject to the terms of this Indenture and the Constitution and laws of the State of California, specifically including the Law, the Bonds in the aggregate principal amount of Five Million One Hundred Thousand Dollars (\$5,100,000.00). This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued hereunder and then Outstanding to secure the full and final payment of principal and premiums, if any, and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "La Palma Community Development Commission, La Palma Community Development Project No. 1, 1993 Tax Allocation Refunding Bonds."

Section 2.02. Terms of Bonds.

(1) The Bonds shall be issued as fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof, but in an amount not to exceed the aggregate principal amount of Bonds maturing in the year of maturity of the Bond for which the denomination is specified. Bonds shall be numbered as determined by the Trustee from one (1) consecutively upwards in order of issuance.

(2) Date of Authentication of Bonds. The Bonds shall be dated as of the date of authentication thereof, except that each Bond delivered to the purchaser designated in Section 3.01 shall be dated as of December 1, 1993.

(3) CUSIP Identification Numbers: "CUSIP" identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the Commission to use such CUSIP numbers in any notice to Owners of the Bonds shall not constitute an event of default or any violation of the Commission's contract with such Owners.

(4) Maturities. The Bonds shall mature and become payable on June 1 of each year, as follows:

MATURITY SCHEDULE

<u>Principal Amount</u>	<u>Maturity Date June 1 of</u>	<u>Interest Rate</u>
\$210,000	1994	3.30%
100,000	1995	3.90%
105,000	1996	4.25%
110,000	1997	4.45%
115,000	1998	4.80%
115,000	1999	5.00%
125,000	2000	5.20%
130,000	2001	5.40%
135,000	2002	5.50%
145,000	2003	5.60%
150,000	2004	5.70%
160,000	2005	5.80%
165,000	2006	5.90%
180,000	2007	6.00%

\$3,155,000 - 6.10% Term Bonds due June 1, 2022

(5) Interest. The Bonds shall bear interest at the rates designated by the Commission at the time of the sale of the Bonds

and as set forth above in the preceding subsection, payable on June 1, 1994, and thereafter semiannually on June 1 and December 1 in each year (the "Interest Payment Dates"), if any interest shall be due and owing. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before May 15, 1994, in which event it shall bear interest from December 1, 1993; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(6) Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable on the Interest Payment Date by check of the Trustee mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the fifteenth day of the month preceding the Interest Payment Date, whether or not such day is a Business Day. Principal of the Bonds is payable in lawful money of the United States of America upon presentment at the principal corporate trust office of the Trustee in Los Angeles, California.

Section 2.03. Redemption.

(1) Optional Redemption. Bonds maturing on or before June 1, 2002, shall not be subject to optional redemption before their stated maturity. Bonds maturing by their terms on or after June 1, 2003 are subject, at the option of the Commission, to call for redemption prior to their stated maturities on any Interest Payment Date commencing June 1, 2002, in whole or in part in inverse order of maturity and by lot within a maturity, from any available source of funds deposited in the Redemption Account, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the redemption date, if any is due and owing, plus a premium as follows:

<u>Redemption Dates</u>	<u>Redemption Price</u>
June 1, 2002 and December 1, 2002	102.0%
June 1, 2003 and December 1, 2003	101.5%
June 1, 2004 and December 1, 2004	101.0%
June 1, 2005 and December 1, 2005	100.5%
June 1, 2006 and thereafter	100.0%

The Commission shall give the Trustee written notice of its intention to redeem Bonds pursuant to this subsection (1) not less than sixty (60) days prior to the applicable redemption date.

(2) Sinking Account Redemption. The Term Bonds maturing on June 1, 2022 are subject to mandatory redemption prior to their maturity date in part, by lot, from, and to the extent of, the Sinking Account payments commencing on June 1, 2008 and June 1 each year thereafter, according to the schedule of Sinking Account payments set forth and as provided in Section 4.03(3), at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest, if any, to the date fixed for redemption, without premium:

<u>June 1</u>	<u>Principal Amount</u>	<u>June 1</u>	<u>Principal Amount</u>
2008	\$185,000	2016	\$285,000
2009	190,000	2017	295,000
2010	205,000	2018	325,000
2011	220,000	2019	230,000
2012	230,000	2020	30,000
2013	240,000	2021	0
2014	255,000	2022*	200,000
2015	265,000		

*Maturity

(3) Redemption Procedure. The Trustee shall cause notice of any redemption to be mailed, first class mail, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the respective registered owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the office of the Trustee; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest accrued on the redemption date.

Such notice shall state the redemption date and the redemption price; if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each of the Bonds or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption; and shall require that such Bonds be then surrendered at the office of the Trustee, for redemption at the said redemption price; and shall state that further interest on such Bonds will not accrue from and after the redemption date.

Upon surrender of Bonds redeemed in part only, the Commission shall execute and the Trustee shall authenticate and deliver to the

registered Owner at the expense of the Commission a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

From and after the date fixed for redemption, if notice of such redemption shall have been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and no interest shall accrue thereon on or after the redemption date specified in such notice.

Whenever any Bonds are to be selected for redemption by lot, the Trustee shall determine, in any manner deemed by it to be fair, the serial numbers of the Bonds to be redeemed and shall notify the Commission thereof.

All Bonds redeemed pursuant to this section and all Bonds purchased by the Trustee pursuant to Section 4.03 shall be canceled and shall be surrendered to the Commission.

Section 2.04. Form of Bonds. The Bonds, the form of Trustee's certificate of authentication and registration, and assignment to appear thereon, shall be substantially in the form set forth on Exhibit A hereto, respectively, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Commission by the facsimile signatures of its Chairperson or Executive Director and its Secretary who are in office on the date of adoption of this Indenture or at any time thereafter, and the seal of the Commission shall be impressed, imprinted or reproduced by facsimile thereon. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Commission by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Commission although at the nominal date of such Bond any such person shall not have been such officer of the Commission.

Only such Bonds as shall bear thereon a certificate of authentication and registration in the form hereinbefore recited, executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.06. Intentionally Omitted.

Section 2.07. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.09, by the person in whose name it is registered in person or by his duly authorized attorney, upon surrender of such Bond for cancellation accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee duly executed.

Whenever any Bond or Bonds shall be surrendered for transfer, the Commission shall execute and the Trustee shall deliver a new Bond or Bonds for like aggregate principal amount of authorized denominations.

No transfers of Bonds shall be required to be made with respect to a Bond after such Bond has been selected for redemption.

Section 2.08. Exchange of Bonds. Bonds of each series may be exchanged at the principal corporate trust office of the Trustee in Los Angeles, California, for a like aggregate principal amount of Bonds of each series of authorized denominations and of the same maturity. The Commission shall pay all exchange costs and charges including the cost of printing any new Bonds and the Trustee shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of Bonds shall be required to be made (i) fifteen days prior to the selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

Section 2.09. Bond Register. The Trustee will keep or cause to be kept, at its principal corporate trust office in Los Angeles, California sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Commission during normal business hours upon reasonable notice; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books Bonds as hereinbefore provided.

Section 2.10. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Commission, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Commission upon the same conditions and in substantially the same manner as the definitive Bonds. If the Commission issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation in exchange therefor at the principal corporate trust office of the

Trustee in Los Angeles, California, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.11. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated the Commission, at the expense of the Owner of said Bond shall execute, and the Trustee shall thereupon deliver a new Bond of like series, tenor and principal amount in exchange and substitution for the Bond so mutilated but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Commission. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Commission and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Commission at the expense of the Owner shall execute, and the Trustee shall thereupon deliver a new Bond of like series, tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Commission may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this section and of the expenses which may be incurred by the Commission and the Trustee in the premises. Any Bond issued under the provisions of this section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Commission whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

ARTICLE III

ISSUE OF BONDS, ADDITIONAL BONDS

Section 3.01. Issuance and Delivery of Bonds. At any time after the execution of this Indenture the Commission may issue and deliver Bonds in the aggregate principal amount of Five Million One Hundred Thousand Dollars (\$5,100,000.00). In accordance with the provisions of Resolution No. CDC 93-25, adopted by the Commission on October 19, 1993, the Bonds have been sold to Miller & Schroeder Financial, Inc. (the "Purchaser"). The Chairperson and Vice-Chairperson of the Commission, the Secretary of the Commission, the Executive Director of the Commission, the General Counsel and other proper officers of the Commission, as designated in writing by the Chairperson/Executive Director, are hereby authorized and directed to deliver any and all documents and instruments, to authorize the payment of Cost of Issuance and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Bonds to the Purchaser.

Section 3.02. Application of Proceeds of Sale of Bonds and Other Monies. There is hereby established a fund to be known as the "La Palma Community Development Commission, La Palma Community Development Project No. 1, 1993 Tax Allocation Refunding Bonds, Bond Proceeds Fund" and within such Fund, an Account to be known as the Cost of Issuance Account, which Fund and Account shall be held in trust by the Trustee. Upon the delivery of the Bonds to the purchaser thereof, the Trustee, on behalf of the Commission, will receive from the 1988 Trustee, the monies remaining in the Special Fund created pursuant to the 1988 Indenture, including any accounts therein, in an amount as set forth in a Written Request of the Commission, from which the Trustee will deposit a portion to the Reserve Account and transfer the balance to the Escrow Agent for deposit in the Escrow Fund as directed by the Commission.

Upon receipt of payment for the Bonds, the proceeds thereof shall be paid to the Trustee, along with a cash deposit of \$53,793.47 and a transfer of \$460,062.00 from the 1988 Bonds Debt Service Reserve Fund and \$83.00 from the 1988 Bonds Principal Account who shall set aside, pay over and deposit such proceeds as follows:

(1) Deposit in the Interest Account of the Special Fund \$4,855.71, equaling the accrued interest paid by the Purchaser of the Bonds;

(2) Deposit in the Reserve Account of the Special Fund \$377,890.00;

(3) Deposit in the Cost of Issuance Account of the Bond Proceeds Fund the amount of \$70,000.00; and

(4) Transfer to the Escrow Agent for deposit in the Escrow Fund created pursuant to the Escrow Agreement the sum of \$4,926,270.39 for application to the defeasance of the 1988 Bonds in accordance with the 1988 Indenture; and

(5) The remaining balance of such proceeds shall be transferred by the Trustee to the Commission and shall be deposited by the Commission in the Redevelopment Fund.

The Trustee shall pay all Cost of Issuance upon receipt of such a requisition containing the respective amounts to be paid to the designated payees signed by the Executive Director or a financial officer of the Commission designated in writing by the Chairperson/Executive Director and delivered to the Trustee, concurrently with the delivery of the Bonds or thereafter. The Trustee shall maintain the Cost of Issuance Account for a period of 180 days from the date of delivery of the Bonds and then shall transfer any monies remaining therein to the Redevelopment Fund, which shall be held by the Treasurer of the Commission for the payment of any unpaid Costs of Issuance and every invoice and requisition received thereafter by the Trustee shall be submitted to the Commission for payment.

Section 3.03. Redevelopment Fund. There is hereby created a special fund to be known as the "La Palma Community Development Commission, La Palma Community Development Project No. 1 1993, Tax Allocation Refunding Bonds, Redevelopment Fund" (the "Redevelopment Fund"), which the Commission hereby covenants and agrees to cause to be maintained and which shall be held in trust by the Treasurer of the Commission. The monies in such fund shall be used in the manner provided by law solely for the purpose of aiding in financing the Project.

The Commission warrants that no withdrawal shall be made from the Redevelopment Fund for any purpose not authorized by law. All or any monies in excess of that amount required to complete the Project may also be transferred from the Redevelopment Fund to the Commission for any lawful Commission purpose.

Section 3.04. Issuance of Additional Bonds. In addition to the Bonds, the Commission may, by resolution authorizing the issuance thereof and the execution of an Additional Supplemental Indenture with respect thereto, provide for the issuance of one or more series of Additional Bonds on a parity with the 1991 Bonds and for Bonds issued pursuant to this Indenture to finance the Redevelopment Project in such principal amount as will be determined by the Commission. The Commission may deliver Additional Bonds subject to the following specific conditions which are conditions precedent to the delivery of any such Additional Bonds.

(a) The Trustee will receive prior to the delivery of Additional Bonds:

(i) Copies of the resolution authorizing the issuance thereof and the Additional Supplemental Indenture pursuant to which such Additional Bonds are authorized to be issued, each certified by an authorized officer of the Commission.

(ii) An opinion of Bond Counsel stating (1) that the resolution and Additional Supplemental Indenture pursuant to which such Additional Bonds are authorized to be issued are valid and enforceable in accordance with their terms; (2) that the resolution authorizing the issuance thereof and the Additional Supplemental Indenture pursuant to which such Additional Bonds are authorized to be issued create a valid pledge of that which they purport to pledge; and (3) that the total principal amount of Bonds to be issued and then Outstanding will not exceed any limit imposed by law;

(iii) A Written Request of the Commission stating that the Commission is not, at the time of issuance of such Additional Bonds, in default under the 1991 Indenture, this Indenture, or any Additional Supplemental Indenture directing the Trustee to deliver such Additional Bonds, as authorized, and stating the amounts to be deposited in the various applicable funds and accounts;

(iv) With respect to such Additional Bonds, a Written Request of the Commission (which the Trustee shall have no responsibility for the review or verification thereof) showing:

(a) The total Maximum Annual Debt Service with respect to the Bonds and 1991 Bonds reasonably expected to be Outstanding, including the Additional Bonds then being delivered and any other notes, bonds or other obligations issued by the Commission secured on a parity with the 1991 Bonds, the Bonds, and Additional Bonds.

(b) For the then current Fiscal Year, the Tax Revenues to be received by the Commission based upon the most recent taxable valuation of property in the Redevelopment Project furnished by the appropriate officer of the County or an Independent Financial Consultant as shown by the report of an Independent Financial Consultant, as shown by the report of an Independent Financial Consultant.

(c) That for the current Fiscal Year for the Bond Year commencing in such Fiscal Year, the Tax Revenues referred to in item (b) above are at least 1.25 times the Maximum Annual Debt Service referred to in item (a) above.

(d) That upon the delivery of the proposed Additional Bonds, an amount equal to the Reserve Requirement for such Additional Bonds will be credited to the Reserve Account as partial security for such Additional Bonds.

(e) That unless the Commission has determined that a maturity date and that Interest Payment Dates other than those of the Bonds will not adversely affect the interests of the Owners of such Bonds then Outstanding, the Additional Bonds will mature on June 1, and interest thereon will be payable June 1 and December 1 of each year.

(f) That the Commission has reviewed the limitation upon the amount of taxes which may be allocated to the Commission under the Redevelopment Plan and certifies that the pledge of Tax Revenues to the payment of the Additional Bonds will not impair the ability of the Commission to pay debt service on the 1991 Bonds, the Bonds and the Additional Bonds in accordance with its covenants contained in this Indenture.

Any Additional Bonds may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, and upon payment of the principal amount thereof and accrued interest thereon plus such premium or premiums, if any, as may be determined

by the Commission in the resolution or Additional Supplemental Indenture providing for the issuance thereof. Such resolution or Additional Supplemental Indenture will provide that in the event that some but less than all of the Bonds and of said Additional Bonds are to be redeemed at any one time, such Additional Bonds redeemed will be in the proportion that the principal amount of Outstanding Additional Bonds bears to the total principal amount of all the then Outstanding 1991 Bonds, the Bonds and Additional Bonds.

The Commission may issue refunding bonds with respect to the Bonds for the purpose of paying or retiring such Outstanding Bonds subject to applicable redemption provisions.

If the Commission is in compliance with all covenants set forth in the Indenture, the Commission may for any purpose issue obligations having a lien on the Tax Revenues which is subordinate to the Bonds and which are payable solely from "surplus" Tax Revenue as defined in Section 4.03(5) of this Indenture, but only if the pledge of Tax Revenues to the payment of such obligations will not impair the ability of the Commission to pay future Annual Debt Service on the 1991 Bonds, the Bonds and any Additional Bonds.

Section 3.05. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Project or upon the performance by any person of his obligation with respect to the Project.

ARTICLE IV

THE TAX REVENUES; SPECIAL FUND AND ACCOUNTS; SURPLUS

Section 4.01. Pledge of Tax Revenues. The Bonds shall be secured by a pledge, on parity with the 1991 Bonds, (which pledge shall be effected in the manner and to the extent hereinafter provided) of all of the Tax Revenues, and, as of the date hereof, by a pledge of all of the monies in the Special Fund, including the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account. The Tax Revenues deposited with the Trustee shall be allocated pro rata solely to the payment of the principal and interest, and redemption premium, if any, of the 1991 Bonds and the Bonds and to the Reserve Account for the purposes set forth in Section 4.03; except that out of the Tax Revenues may be apportioned such amounts for such other purposes as are expressly permitted by Section 4.03. The pledge and allocation of Tax Revenues deposited with the Trustee is for the exclusive benefit of the 1991 Bonds and the Bonds and shall be irrevocable until all of the 1991 Bonds and the Bonds have been paid and retired or until monies have been set aside irrevocably for that purpose.

Section 4.02. Special Fund. There is hereby created the "La Palma Community Development Commission, La Palma Community

Development Project No. 1, 1993 Tax Allocation Refunding Bonds Special Fund"; herein called "Special Fund", which shall be maintained by the Trustee as a separate account, distinct from all other funds of the Commission, and into which shall be paid on receipt thereof by the Trustee, the Tax Revenues in an amount equal to the deposits required to be made by the Trustee pursuant to Section 4.03 or, if sufficient Tax Revenues are not available to make all deposits required by Section 4.03, Tax Revenues shall be allocated pro rata between the 1991 Special Fund and the Special Fund. The Commission hereby covenants to deposit with the Trustee, on or before May 15 and November 15 of each year while the Bonds are Outstanding, Tax Revenues in an amount at least sufficient to make all deposits required to be made by the Trustee on such May 15 or November 15 pursuant to Section 4.03.

While the Bonds are Outstanding or any interest thereon is unpaid the Special Fund shall be administered and disbursements made in the manner and in the order progressively set forth in Section 4.03 hereof.

Section 4.03. Establishment and Maintenance of Accounts for Tax Revenues: Use and Withdrawal of Tax Revenues. All Tax Revenues deposited in the Special Fund shall be transferred and set aside by the Trustee in the following respective special accounts (each of which is hereby created and each of which the Commission covenants and agrees to cause to be maintained) in the following order of priority:

- (1) Interest Account,
- (2) Principal Account,
- (3) Sinking Account,
- (4) Reserve Account,
- (5) Surplus Account, and
- (6) Redemption Account.

All Tax Revenues in each of said accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 4.03.

(1) Interest Account. On or before the 15th day of each May and November of each year the Bonds are Outstanding, commencing May 15, 1994, the Trustee shall transfer from the Special Fund and set aside in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of

the Bonds issued hereunder and then Outstanding. All monies in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(2) Principal Account. On or before the 15th day of each May the Bonds are Outstanding, commencing May 15, 1994, the Trustee shall transfer from the Special Fund and set aside in the Principal Account an amount which, when added to the amount contained in the Principal Account on that date, will be equal to the principal becoming due and payable on the next succeeding June 1 on the Outstanding Serial Bonds. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due on the next succeeding June 1 upon all of the Serial Bonds issued hereunder and then Outstanding. All monies in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal on the Serial Bonds as it shall become due and payable.

(3) Sinking Account. On or before the 15th day of each May, commencing May 15, 2008 the Trustee shall transfer from the Special Fund and set aside and deposit in the Sinking Account an amount which, when added to the amount contained in the Sinking Account on that date, will be equal to the Sinking Account payment required to be on deposit therein on the next succeeding June 1. All monies in the Sinking Account shall be used solely for the redemption or purchase of the Term Bonds maturing June 1, 2022 as set forth below. The required Sinking Account payments for the Term Bonds maturing June 1, 2022 are listed in the following table:

<u>June 1</u>	<u>Principal Amount</u>	<u>June 1</u>	<u>Principal Amount</u>
2008	\$185,000	2016	\$285,000
2009	190,000	2017	295,000
2010	205,000	2018	325,000
2011	220,000	2019	230,000
2012	230,000	2020	30,000
2013	240,000	2021	0
2014	255,000	2022*	200,000
2015	265,000		

*Maturity

Monies in the Sinking Account on June 1 of any year, commencing June 1, 2008, in the amounts as set forth in the foregoing table shall be used and withdrawn by the Trustee on such date and applied for the redemption prior to maturity or payment at maturity of the Term Bonds maturing on June 1, 2022, at a

redemption price equal to the principal amount thereof to be redeemed, without premium.

In the event of optional redemption of the Term Bonds maturing June 1, 2022, pursuant to Section 2.03(1), Sinking Account payments payable pursuant to Section 2.03(2) as listed above shall be reduced pro rata as set forth in writing by the Commission.

Additionally, monies in the Sinking Account may be used and withdrawn by the Trustee upon the Written Request of the Commission for the purchase of any Outstanding Bonds at public or private sale as and when and at such price (including brokerage and other charges but excluding accrued interest which is payable from the Interest Account) as it may in its discretion determine, but not to exceed the principal amount of such Bonds being redeemed plus the applicable redemption premium, if any.

In the event that available Tax Revenues shall in any year be insufficient to make such Sinking Account payments then required to be made, such deficiency shall be made up from the first available Tax Revenues in succeeding years. The failure to make such payment in full shall not be deemed to be an Event of Default under this Indenture.

(4) Reserve Account. On or before the 15th day of each May and November when the Bonds are Outstanding commencing May 15, 1994, and after the deposits required pursuant to the preceding subparagraphs have been made, the Trustee shall transfer from the Special Fund and set aside in the Reserve Account an amount which, when added to the amount contained in the Reserve Account on that date, will be equal to the Reserve Requirement or such larger amount as shall be required to be maintained in the Reserve Account by any Additional Supplemental Indenture. No deposit need be made in the Reserve Account so long as there shall be on deposit therein a sum equal to at least the amount required by this subparagraph to be on deposit therein. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account or the Sinking Account in such order in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money of the Commission is lawfully available therefor, or for the retirement of all the Bonds then Outstanding.

Notwithstanding the foregoing, any monies on deposit in the Reserve Account on any May 15 and November 15 in excess of the Reserve Requirement shall be withdrawn semiannually from the Reserve Account and deposited in the Special Fund for use in the same manner as are other monies in the Special Fund.

(5) Surplus Account. Provided that:

(a) an Event of Default has not occurred;

(b) all of the deposits provided for in subsections 1, 2, and 3 above to the Interest, Principal and Sinking Accounts shall be made as scheduled;

(c) the deposits provided for in subsection 4 above to the Reserve Account shall be made as necessary to maintain a balance therein equal to the Reserve Requirement;

(d) all deposits required by Section 4.03 of the 1991 Indenture into the 1991 Special Fund have been made; and

(e) the Trustee shall have received Tax Revenues in an amount sufficient, together with funds already on deposit in the Special Fund (not including amounts in the Reserve Account), to pay interest, principal and scheduled Sinking Account payments coming due in the then current Bond Year with respect to the Bonds then Outstanding, and to restore the Reserve Account to an amount equal to the Reserve Requirement, if required;

then additional Tax Revenues received in respect of such Bond Year and other amounts on deposit in the Special Fund (exclusive of the Interest Account, the Principal Account, the Sinking Account, and the Reserve Account) will be declared "Surplus" and transferred to the Surplus Account. Provided that no Event of Default under the Indenture has occurred and is continuing, such Surplus may be withdrawn at any time by the Commission upon Written Request of the Commission, and used by the Commission for any lawful purpose.

(6) Redemption Account. The Redemption Account shall be maintained by the Trustee as a separate account distinct from all other funds of the Commission to pay for the prior redemption or purchase of the Bonds.

Any funds legally available may at any time on or after June 1, 2002, at the option of the Commission, be paid to the Trustee for deposit in the Redemption Account and applied to the prior redemption of Bonds on June 1, 2002, or any Interest Payment Date thereafter pursuant to Section 2.03(1).

The principal amount of any Term Bonds so purchased shall be credited against the Sinking Account payment due next succeeding the date of such purchase, pursuant to the foregoing tables, and shall reduce the corresponding principal amount of Bonds to be redeemed.

Additionally, monies in the Redemption Account may be used and withdrawn by the Trustee upon the Written Request of the Commission for the purchase of any Outstanding Bonds at public or private sale as and when and at such prices (including brokerage and other charges but excluding accrued interest which is payable from the Interest Account) as the Commission may in its discretion determine, but not to exceed the principal amount of such Bonds being redeemed plus the applicable redemption premium, if any.

ARTICLE V

OTHER COVENANTS OF THE COMMISSION

Section 5.01. Punctual Payment. The Commission will punctually pay or cause to be paid the principal, and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Additional Supplemental Indentures and of the Bonds. Nothing herein contained shall prevent the Commission from making advances of its own monies howsoever derived to any of the uses or purposes permitted by law.

Section 5.02. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the Commission will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded whether or not with the consent of the Commission, such claim for interest so extended or funded shall not be entitled, in case of default hereunder to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.03. Against Encumbrances. The Commission will not encumber, pledge or place any charge or lien upon any of the Tax Revenues superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Indenture.

Section 5.04. Management and Operations of Properties. The Commission will manage and operate all properties owned by the Commission and comprising any part of the Project in a sound and businesslike manner and will keep such properties insured at all times in conformity with sound business practice.

Section 5.05. Payment of Claims. The Commission will pay and discharge or cause to be paid and discharged any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Commission or upon the Tax Revenues or any part thereof or upon any funds in the hands of the Trustee or which might impair the security of the Bonds. Nothing herein contained shall require the Commission to make any such payment so long as the Commission in good faith shall contest the validity of said claims.

Section 5.06. Books and Accounts; Financial Statement. The Commission will keep, or cause to be kept, proper books of record

and accounts separate from all other records and accounts of the Commission and the City of La Palma in which complete and correct entries shall be made of all transactions relating to the Project and to the Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Commission will cause to be prepared and filed with the Trustee annually, within one hundred and eighty (180) days after the close of that Fiscal Year so long as any of the Bonds are Outstanding complete financial statements with respect to that Fiscal Year showing the Tax Revenues, all disbursements from the Tax Revenues and the financial condition of the Project, including the balances in all funds and accounts relating to the Project, as of the end of such Fiscal Year which statement shall be accompanied by a certificate or opinion in writing of an Independent Certified Public Accountant. The Commission will furnish a copy of such statements to any Bondowner of at least 5% in aggregate principal amount upon request. The Trustee will have no duties or obligations with respect to such financial statements other than to act as custodian thereof.

Section 5.07. Protection of Security and Rights of Bondowners. The Commission will preserve and protect the security of the Bonds and the rights of the Bondowners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the Commission, the Bonds' validity and enforceability shall not be contested by the Commission in any judicial or administrative proceeding.

Section 5.08. Payments of Taxes and Other Charges. Subject to the Provisions of Section 5.11 hereof, the Commission will punctually pay and discharge, or cause to be paid and discharged all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Commission or the properties then owned by the Commission in the Project Area, or upon the revenues therefrom, when the same shall become due. Nothing herein contained shall require the Commission to make any such payment so long as the Commission in good faith shall contest the validity of said taxes, assessments or charges. The Commission will duly observe and conform with all valid requirements of any governmental authority relative to the Project or any part thereof.

Section 5.09. Compliance with Law, Completion of Project. The Commission will comply with all applicable provisions of the Law in completing the Project including, without limitation, duly noticing and holding any public hearing required by either Section 33445 or 33679 of the Law prior to application of proceeds of the Bonds to any portion of the Project subject to either Section 33445 or 33679. In addition, the Commission will comply in a timely manner with the public hearing and further requirements of Section

33334.6. The Commission will commence, and will continue to completion, with all practicable dispatch, the Project and the Project will be accomplished and completed in a sound and economical manner and in conformity with the Redevelopment Plan and the Law.

Section 5.10. Amendment of Redevelopment Plan and Disposition of Property.

(1) The Commission will not authorize the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property planned for such ownership or use by the Redevelopment Plan in effect on the date of this Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area unless the Redevelopment Plan is amended as hereinafter provided in this Section 5.10. If the Commission proposes to make such a disposition, it shall propose an amendment to such Redevelopment Plan which expressly provides for the disposition of such real property with such an effect and shall give written notice thereof to the Trustee. The Commission shall thereupon appoint a reputable Independent Financial Consultant and direct said consultant to report on the effect of said proposed disposition, a copy of which Report shall be provided to the Trustee. If the Report of the Independent Financial Consultant concludes that the security of the Bonds or the rights of the affected Bondowners will not be materially impaired by said proposed disposition and that Tax Increment Revenues allocated to the Commission will not be significantly diminished by the proposed disposition, the Commission may thereafter adopt the amendment (pursuant to all applicable provisions of the Law) and make the disposition. If said Report concludes that Tax Increment Revenues allocated to the Commission will be significantly diminished or that such security will be materially impaired by said proposed disposition, the Commission shall not adopt the amendment. The Commission shall have the sole and exclusive authority to appoint said consultant.

(2) In the event subsection (1) hereof does not apply, the Commission shall not dispose of any property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property planned for such ownership or use by the Redevelopment Plan in effect on the date of this Indenture), without imposing the following requirements on such new owner or owners:

(a) Said new owner or owners shall pay to the Treasurer, so long as any of the Bonds are Outstanding, an amount equal to the amount that would have been received by the Treasurer as Tax Increment Revenues allocated to the Commission if the property were assessed and taxed in the same manner as privately owned nonexempt property; and

(b) Such payment shall be made to the Treasurer within thirty (30) days after taxes for each year would become payable to the taxing agencies for nonexempt property and in any event prior to the delinquency date of such taxes established by law.

All such payments in lieu of taxes to the Treasurer shall be treated as Tax Revenues allocated to the Commission and shall be deposited by the Trustee in the Special Fund to the extent required by Section 4.03.

Section 5.11. Single Sum Payments in Lieu of Taxes. As an alternative to payment to the Treasurer pursuant to subsection (2)(b) of Section 5.10, the new owner or owners of property becoming exempt from taxation provided for in Section 5.10 may elect to make payment to the Commission in a single sum equal to the amount estimated by the Independent Financial Consultant to be receivable from taxes on said property from the date of said payment to the maturity date of the Bonds, less a reasonable discount value. All such single sum payments in lieu of taxes shall be treated as Tax Revenues allocated to the Commission and shall be deposited by the Trustee in the Special Fund to the extent required by Section 4.03.

Section 5.12. Tax Revenues. The Commission shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County, and shall forward information copies of each such filing to the Trustee. The Trustee shall have no duties with respect to such statements other than to act as custodian thereof. The Commission will not amend the Plan or reduce the Project Area in any manner which will impair the availability of Tax Revenues to pay Annual Debt Service.

Section 5.13. Eminent Domain. The net proceeds received by the Commission from any eminent domain proceeding may be, but shall not be required to be deposited by the Commission in the Special Fund; provided that the net proceeds received by the Commission from the taking of any property in the Project Area the redevelopment of which was financed by the Commission through the issuance of revenue obligations shall be deposited, used and applied in the manner provided by the resolution or indenture authorizing the issuance of such lease revenue obligations.

Section 5.14. Further Assurances. The Commission will adopt make, execute and deliver any and all such further resolutions instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

Section 5.15. Taxation of Leased Property. Whenever any property in the Redevelopment Project has been redeveloped and

thereafter is leased by the Commission to any person or persons (other than the City of La Palma or the County or any other public agency) or whenever the Commission leases real property in the Redevelopment Project to any person or persons for redevelopment the property shall be assessed and taxed in the same manner as privately owned property (in accordance with Section 33673 of the Health and Safety Code of the State) and the lease or contract shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his or its leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease or contract shall be less than the taxes which would have been payable upon the assessed value of the entire property if the property were assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Commission within thirty (30) days after the taxes for such year become payable to the taxing agencies and in any event prior to the delinquency date of such taxes established by law. All such payments to the Commission shall be promptly delivered to the Trustee and shall be deposited by the Trustee in the Special Fund to the extent required by Section 4.03.

Section 5.16. Non-Arbitrage Bonds. The Commission covenants it will make no use of the proceeds of the Bonds which will cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code. To that end, so long as any of the Bonds are Outstanding, the Commission with respect to the proceeds of the Bonds, shall comply with all requirements of said Section 148 and all regulations of the United States Department of the Treasury issued thereunder, including specifically the requirement that any arbitrage subject to rebate be paid from time to time to the United States Treasury to the extent that such requirements are, at the time, applicable and in effect.

Section 5.17. Private Activity Bonds. The Commission covenants that as to the portion of the proceeds of the Bonds which are not used for refunding purposes, it will make no use of such proceeds of the Bonds as will cause such Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Code. To this end; (i) no amount in excess of five percent (5%) of such proceeds of the Bonds shall be used directly or indirectly to make loans to persons other than governmental units and (ii) no amount in excess of ten percent (10%) of the amount of interest and principal payable on the portion of the Bonds allocable to such proceeds shall be directly or indirectly payable from sources other than Tax Revenues and no amount in excess of ten percent (10%) of such proceeds of the Bonds shall be used for any private business use, provided, however, that under no circumstances shall an amount in excess of five percent (5%) of such proceeds be used for a private business use which is not related to the governmental use of such proceeds, unless in any of said cases the Commission first obtains an opinion of Bond Counsel to the effect that such action

will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bonds.

Section 5.18. Compliance with the Code. The Commission covenants to take any or all action and to refrain from taking any action which is necessary in order to comply with the Code or any technical corrections thereto having the same effective date as the Code and the Letter of Instructions in order to maintain the exclusion from gross income for purposes of federal income taxation pursuant to Section 103 of the Code of the interest on the Bonds paid by the Commission and received by the Bondowners.

Section 5.19. Federal Guarantee Prohibition. The Commission shall take no action nor permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 5.20. Amendment of Payment Schedule. The Commission shall, upon direction of Bond Counsel, increase, but not decrease, the transfers from the Special Fund to the Sinking Accounts so that all amounts required to be transferred to the Sinking Accounts to redeem Term Bonds maturing June 1, 2022 will be transferred by the last day on which the Commission can lawfully collect Tax Increment Revenues.

ARTICLE VI

THE TRUSTEE

Section 6.01. Appointment of Trustee. Bank of America National Trust and Savings Association, at its corporate trust office in Los Angeles, California, is hereby appointed Trustee for the Commission to act as the depository of the Commission for the purpose of receiving all monies required to be paid to the Trustee hereunder to allocate, use and apply the same, to hold, receive and disburse the Tax Revenues and other funds pledged or held hereunder, and otherwise to hold all the offices and perform all the functions and duties provided in this Indenture to be held and performed by the Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture and by executing and delivering such acceptance, the Trustee shall be deemed to have accepted such duties and obligations, but only upon the terms and conditions set forth in this Indenture.

The Commission may remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business and having an office in the State, having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust

company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Commission and to the Bondowners by first class mail. Upon receiving notice of such resignation the Commission shall promptly appoint a successor Trustee by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee.

If the Commission does not appoint a successor Trustee within sixty (60) days following the giving of any notice of removal or receipt of any notice of resignation, the removed or resigning Trustee or any Bondowner on behalf of himself and all other Bondowners may petition any appropriate court having jurisdiction to appoint a successor Trustee.

Section 6.02. Compensation and Indemnity. The Commission agrees to pay the Trustee for its services (this payment shall not be limited by any provision of law affecting the compensation of a Trustee). Further the Commission shall pay or reimburse the Trustee upon its request for all reasonable expenses of the Trustee, including the reasonable compensation and the expenses of its counsel. The Commission agrees to indemnify and hold harmless the Trustee against all claims demands, losses, damages liabilities or expenses (including but not limited to reasonable attorneys' fees) relating to (i) the Trustee exercising its rights or performing its duties under this Indenture, (ii) the Trustee being appointed and serving as such under this Indenture, or (iii) otherwise relating to this Indenture or the Bonds, except to the extent resulting from the Trustee's own negligence or willful misconduct. The Trustee is not accountable for the use by the Commission of funds which the Trustee releases to the Commission or which the Commission otherwise receives, or for the adequacy or validity of any collateral or security interest securing this Indenture or the Bonds. The Trustee has no obligation to incur individual financial or other liability or risk in performing any duty or in exercising any right. The Trustee, in its individual or other capacity, may become the owner or pledgee of the Bonds with the same rights it would have if it were not the Trustee.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder until it has actual knowledge that an Event of Default as such exists or has received written notice that an Event of Default as such exists, at its corporate trust office in Los Angeles, California. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms conditions, covenants or agreements herein or in any of the documents executed in connection with the Bonds.

All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees, and agents of the Trustee.

Section 6.03. Liability of Agents. The recitals of facts covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the Commission and the Trustee assumes no responsibility for the correctness of the same nor makes any representations as to the validity or sufficiency of this Indenture or of the Bonds, nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

Section 6.04. Merger of Trustee. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a part or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 6.01, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 6.05. Survival of Rights. The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

Section 6.06. Notice to Agents. The Trustee shall be protected in acting upon any notice, resolution, request, consent order certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Trustee may consult with counsel, who may be counsel to the Commission, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established if disputed.

Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee be deemed to be conclusively proved and established by a certificate of the Commission and such

certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture or any Additional Supplemental Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 6.07. Deposit and Investment of Monies in Funds or Accounts. All money held by the Commission or Trustee in any of the funds or accounts established pursuant to this Indenture shall be invested and reinvested in Permitted Investments. The investments held by the Trustee shall be valued by the Trustee not less than quarterly, at the market value thereof. Investments of money in the Special Fund (including money in the Interest Account, the Principal Account, or the Sinking Account) must mature no later than the date at which such money is estimated to be required to be paid out hereunder. Investments of money in the Redevelopment Fund must mature not later than the date on which such money is estimated to be required to be paid out hereunder. Monies in the Reserve Account shall be invested in Permitted Investments which will by their terms mature within such time as may be recommended by an Independent Financial Consultant. Subject to Section 6.09 hereof, all Investment Earnings on monies held by the Commission in the Redevelopment Fund received prior to the completion of the financing of the Redevelopment Project on any money so invested shall be applied to the Project. All Investment Earnings on money in the Special Fund and the accounts therein shall be retained in the Special Fund and such accounts shall be applied in the same manner as other monies therein, except as may be required by Section 6.09. Monies or sums held by the Trustee in any account or subaccount established pursuant to the terms of this Indenture may be employed by the Trustee to purchase Permitted Investments as directed, in writing, by the Chairman or an authorized representative of the Commission. To the extent that direction is not received by the Trustee with respect to monies or sums then available for investment, the Trustee shall invest such monies or sums in Permitted Investments described in clause (8) thereof. If investments cannot be obtained at a rate below the Yield on the Bonds, such monies or sums shall be invested in tax exempt municipal obligations constituting Permitted Investments solely as directed by the Commission.

Section 6.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Bonds, the Tax Revenues and all funds and accounts established by it pursuant to this Indenture. Such books of record and account shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each Permitted Investment (a) its purchase price, (b) identifying information, including par amount,

coupon rate and payment dates, (c) the amount received at maturity or its sale price, as the case may be, (d) the amounts and dates of any payments made with respect thereto and (e) such documentation as is required to be obtained by the Trustee as evidence to establish that the following requirements have been met:

(a) Certificate of deposit. With respect to the purchase or sale of a certificate of deposit issued by a commercial bank, the price at which it is purchased or sold, as the case may be, shall be the bona fide bid price quoted by a dealer who maintains an active secondary market in such certificates of deposit. If there is no active secondary market in such certificates of deposit, the purchase or sale price of a certificate of deposit must produce a yield thereon (1) as high or higher than the yield on comparable obligations traded on an active secondary market, as certified by a dealer who maintains such a market, and (2) as high or higher than the yield available on comparable obligations offered by the U. S. Treasury Department. The certification described in the preceding sentence must be executed by a dealer who maintains an active secondary market in comparable certificates of deposit and must be based on actual trades adjusted to reflect the size and term of that certificate of deposit and the stability and reputation of an entity issuing the certificate of deposit.

(b) Investment Contracts. With respect to investment contracts (e.g., any agreement to deposit proceeds of the Bonds with a particular bank, with the deposits to bear interest at an agreed rate) the Commission must obtain (1) at least 3 bids on the investment contract from persons other than those with an interest in the issue e.g., underwriters), (2) a certification by the person whose bid is accepted stating that, based on that person's expectations on the date that the contract is entered into, Permitted Investments will not be purchased pursuant to the investment contract at a price in excess of their fair market value or sold pursuant to the investment contract at a price less than their fair market value, (3) evidence that the yield on the investment contract is at least equal to the yield offered under the highest bid received from non-interested parties, and (4) evidence that the yield on the investment contract is at least equal to the yield offered on similar obligations under similar investment contracts (e.g., the yield on investment contracts entered into by issuers of qualified mortgage bonds).

(c) Other Investments That Are Traded in Established Markets. With respect to Permitted Investments other than those described in (a) or (b) above, which are traded in an established market, the purchase or disposition price thereof shall be that price achieved in an arm's-length transaction between the purchaser and the seller. Any evidence of such price shall be retained. For United States Treasury obligations purchased directly from the Treasury, however, proof of the price paid therefor shall be sufficient evidence.

(d) With respect to any determinations required to be made pursuant to (a), (b) or (c) above, the Trustee may request and the Commission shall provide such determination, upon which determination the Trustee may conclusively rely.

Such books of record and account shall be available for inspection by the Commission and any Bondowner, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

The Trustee shall file and furnish to the Commission within thirty days after the end of each month, a statement (which need not be audited) covering receipts, disbursements, allocation and application of Tax Revenues and any other monies (including proceeds of Bonds) in any of the funds and accounts established pursuant to this Indenture for such month.

Section 6.09. Rebate Fund.

(a) The Trustee shall establish a special fund designated as the "Rebate Fund." The Rebate Fund shall not be subject to the lien of this Indenture. The Trustee shall establish and maintain within the Rebate Fund an "Excess Earnings Account" and an "Investment Account." The Trustee shall establish and maintain any such subaccounts within the Excess Earnings Account and Investment Account as may be requested by the Commission.

(b) Notwithstanding anything contained in this Indenture to the contrary, there shall be deposited in the Excess Earnings Account of the Rebate Fund all Excess Investment Earnings determined from time to time pursuant to the Letter of Instructions and all amounts deposited by the Commission with written instructions to deposit such monies into the Rebate Fund. All income or other gain from the investment of monies in the Rebate Fund shall be deposited in the Investment Account of the Rebate Fund.

Within thirty (30) days following the last day of each Bond Year, the Commission shall calculate, and shall provide written notice to the Trustee of the Excess Investment Earnings. The Trustee may rely conclusively upon the Commission's determination, calculation, directions and certifications required by this Section 6.09. The Trustee shall have no responsibility to independently make any calculations or determinations or to review the Commission's calculations hereunder.

(c) The Trustee, in accordance with instructions of the Commission, shall apply the funds on deposit in the Rebate Fund on behalf of the Commission, to the extent required to make payments to the United States of America in respect of the Bonds, at the times and in the manner required by the Letter of Instructions.

(d) In the event that the written notice to the Trustee referenced in subsection (a) of this Section indicates that there

are Excess Investment Earnings, then the Commission agrees to promptly remit to the Trustee an amount sufficient to assure that the amount then on deposit in the Rebate Fund is equal to the cumulative Excess Investment Earnings as of the end of the Bond Year to which such notice pertains. The Trustee shall immediately deposit in the Excess Earnings Account of the Rebate Fund all such amounts so received and identified as such by the Commission.

(e) The Trustee agrees, on behalf of the Commission, to keep and maintain all records required to be maintained by it pursuant to, and as and to the extent required by, the Code as instructed by the Commission. This covenant shall survive the defeasance of this Indenture; provided, however, that upon repayment in full of the Bonds hereunder, the Trustee may provide all such records held by it to the Commission and have no further obligation under this Section.

(f) The Commission agrees to deposit with the Trustee for deposit to the Rebate Fund any payments required hereunder to be made to the Rebate Fund.

Section 6.10. Exception to Arbitrage Rebate. If in the opinion of Bond Counsel addressed to the Commission and Trustee the Bonds qualify under Section 148(f)(4)(C) for the exception to the arbitrage rebate requirement of Section 148(f) of the Code, then the arbitrage rebate requirement of Section 6.09 shall have no application to any Excess Investment Earnings derived from the investment of the Gross Proceeds of the Bonds.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 7.01. Amendments Permitted. This Indenture and the rights and obligations of the Commission and of the Owners of the Bonds may be modified or amended at any time by an Additional Supplemental Indenture and pursuant to the affirmative majority vote at a meeting of Bondowners or with the written consent without a meeting of the Owners of sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.04. No such modification or amendment shall (1) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Commission to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein without the express consent of the Owner of such Bond, or (2) permit the creation by the Commission of any pledge or lien upon the Tax Revenues superior to, or on a parity with, the pledge and lien created for the benefit of the 1991 Bonds, the Bonds, and any Additional Bonds (except as otherwise permitted in this Indenture), or reduce the percentage of Bonds required for the affirmative vote

or written consent to an amendment or modification or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

This Indenture and the rights and obligations of the Commission and of the Owners of the Bonds may also be modified or amended at any time by an Additional Supplemental Indenture, without the consent of any Bondowners, but only to the extent permitted by law and only for any one or more of the following purposes --

(a) to add to the covenants and agreements of the Commission in this Indenture, other covenants and agreements thereafter to be observed or to limit or surrender any right or power herein reserved to or conferred upon the Commission;

(b) to make modifications to assure the continued exclusion from gross income for purposes of Federal income taxation of interest on the Bonds or to make modifications not materially adversely affecting any Outstanding Bonds of the Commission;

(c) with written consent of the Trustee to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the Commission and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the rights of the Owners of the Bonds; and

(d) to authorize the issuance of Additional Bonds in accordance with Section 3.04 of this Indenture.

Section 7.02. Bondowners' Meetings. The Commission may at any time call a meeting of the Bondowners. In such event, the Commission shall determine the time, date and place of said meeting. The Trustee shall provide for the giving of notice. The date of mailing such notice shall be determined by the Commission in its discretion; provided, that such notice shall be mailed at least 15 days prior to the date of the Bondowners' meeting. The Commission shall fix and adopt rules and regulations for the conduct of said meeting.

Section 7.03. Procedure for Amendment with Written Consent of Bondowners. The Commission may at any time adopt an Additional Supplemental Indenture amending the provisions of the Bonds or of the 1991 Indenture or this Indenture or any Additional Supplemental Indenture, to the extent that such amendment is permitted by Section 7.01, to take effect when and as provided in this section. A copy of such Additional Supplemental Indenture, together with a request to Bondowners for their consent thereto, shall be mailed by the Commission to each registered owner of Bonds Outstanding, but failure to mail copies of such Additional Supplemental Indenture and request shall not affect the validity of the Additional

Supplemental Indenture when assented to as in this Section provided.

Such Additional Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 7.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Additional Supplemental Indenture, the Commission shall mail a notice to the Bondowners in the manner hereinbefore provided in this section for the mailing of the Additional Supplemental Indenture, stating in substance that the Additional Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this section (but failure to mail copies of said notice shall not affect the validity of the Additional Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record consisting of the papers required by this Section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Additional Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Additional Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this article) upon the Commission and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

The Trustee may obtain an opinion of counsel that any such Additional Supplemental Indenture entered into by the Commission and the Trustee complies with the provisions of this section and the Trustee may conclusively rely on such opinion.

Section 7.04. Disqualified Bonds. Bonds owned or held for the account of the Commission or the City of La Palma, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VII, and shall

not be entitled to vote upon, consent to, or take any other action provided for in this Article VII.

Section 7.05. Effect of Additional Supplemental Indenture. From and after the time any Additional Supplemental Indenture becomes effective pursuant to this Article VII, the 1991 Indenture and this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights duties and obligations under this Indenture of the Commission and all Owners of Bonds Outstanding shall thereafter be determined exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Additional Supplemental Indenture shall be deemed to be part of the terms and conditions of the 1991 Indenture and this Indenture for any and all purposes.

The Commission may adopt appropriate regulations to require each Bondowner before his consent provided for in this Article VII shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in Section 7.04.

Section 7.06. Endorsement or Replacement of Bonds Issued After Amendments. The Commission may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VII shall bear a notation, by endorsement or otherwise, in form approved by the Commission, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the office of the Trustee or at such other office as the Commission may select and designate for that purpose, a suitable notation shall be made on such Bond. The Commission may determine that new Bonds, so modified as in the opinion of the Commission is necessary to conform to such Bondowner's, action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the office of the Trustee in Los Angeles, California, without cost to any Bondowner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 7.07. Amendatory Endorsement of Bonds. The provisions of this Article VII shall not prevent any Bondowner from accepting any amendment as to the particular Bonds held by him provided that due notation thereof is made on such Bonds.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 8.01. Events of Default and Acceleration of Maturities. If one or more of the following events ("Events of Default") shall happen, that is to say --

(1) if default shall be made in the due and punctual payment of the principal of and redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed by declaration or otherwise;

(2) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(3) if any other default shall be made by the Commission in the observance of any of the covenants, agreements or conditions on its part in this Indenture or with respect to the Bonds or any other resolution or Additional Supplemental Indenture authorizing the issuance of Additional Bonds, and such default shall have continued for a period of thirty (30) days after written notice to the Commission; or

(4) if the Commission shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable laws of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Commission or of the whole or any substantial part of its property;

then, in each and every case during the continuance of an Event of Default as described in (1), (2), or (4), the Trustee shall declare the principal of all of the Bonds then Outstanding; and the interest accrued thereon, to be due and payable immediately. In each and every case during the continuance of an Event of Default as described in (3), and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon written request of the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds at the time Outstanding shall, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately. Upon any such declaration the principal of all Bonds then Outstanding, and the interest accrued thereon, shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the monies due shall have been obtained or entered the Commission shall deposit with the Trustee a sum sufficient to pay

all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of twelve percent (12%) per annum on such overdue installments of principal, and, to the extent such payment of interest is lawful at the time, on such overdue installments of interest, so that the Commission is then currently in compliance with all payments, deposit and transfer provisions of this Indenture, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor then, and in every such case, the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding by written notice to the Commission and to the Trustee may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. All of the Tax Revenues and all sums in the funds and accounts provided for in Sections 4.02 and 4.03, upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the order following upon presentation of the several Bonds and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid--

First, to the payment of the costs and expenses of the Trustee and, thereafter, of the Bondowners in declaring such event of default including reasonable compensation to its or their agents, attorneys and counsel and to the payment of the fees, costs and expenses of the Trustee (including but not limited to reasonable compensation to its agents, attorneys and counsel for their respective fees and expenses) incurred in performing or exercising its rights, powers and duties under this Indenture;

Second, in case the principal of the Bonds shall not have become due and payable, to the payment of the interest in default in the order of the maturity of the installments of such interest with interest on the overdue installments at the rate of twelve percent (12%) per annum (to the extent that such interest on overdue installments shall have been collected) such payments to be made ratably to the persons entitled thereto without discrimination or preference;

Third, in case the principal of the Bonds shall have become and shall be then due and payable, all such sums shall be applied to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the rate of twelve percent (12%) per annum (to the extent that such interest on

overdue installments of interest shall have been collected), and in case such monies shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal or of any installment of interest over any other installment of interest or of any payment of principal over any other payment of principal, ratably to the aggregate of such principal and interest.

Section 8.03. Other Remedies of Bondowners. Any Bondowner shall have the right for the equal benefit and protection of all Bondowners similarly situated --

(1) by mandamus, suit, action or proceeding, to compel the Commission and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Commission and the fulfillment of all duties imposed upon it by the Law;

(2) by suit, action or proceeding in equity to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners, rights; or

(3) upon the happening of any event of default (as defined in Section 8.01), by suit, action or proceeding in any court of competent jurisdiction to require the Commission and its members and employees to account as if it and they were the trustees of an express trust.

Section 8.04. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Commission, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right of action which is also absolute and unconditional of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Bondowners by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy be abandoned or determined adversely to the Bondowners, the Commission and the Bondowners shall be restored to

their former positions rights and remedies as if such suit action or proceeding had not been brought or taken.

Section 8.05. Actions by Trustee as Attorney-in-Fact. Any suit action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective owners and registered Owners of the Bonds issued hereunder shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective registered Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective registered Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; provided, however, the Trustee shall have no obligation to enforce any right or remedy hereunder unless it is indemnified to its satisfaction from and against any liability or expense (including attorneys fees).

Section 8.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Owners of Bonds is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Commission, the Trustee and the Owners of the Bonds, any right, remedy, claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Commission shall be for the sole and exclusive benefit of the Owners of the Bonds and the Trustee.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Additional Supplemental Indenture either the Commission or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof and all the covenants and agreements in this Indenture contained by or on behalf of the Commission or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Complete or Partial Defeasance of Bonds. If the Commission shall pay and discharge the entire indebtedness on all Bonds Outstanding, or any portion thereof, in any one or more of the following ways --

(1) by well and truly paying or causing to be paid the principal of and interest on all or any portion of Bonds Outstanding, as and when the same become due and payable;

(2) by depositing with the Trustee, in trust, at or before maturity money which, together with the amounts then on deposit in the funds and accounts provided for in Sections 3.03 and 4.03 is fully sufficient to pay all or any portion of Bonds Outstanding, including all principal, interest and redemption premiums or;

(3) by depositing with the Trustee, in trust, Federal Securities or general obligation bonds of the State in such amount as an Independent Financial Consultant shall certify to the Trustee, based upon a certificate of a certified public accountant, will together with the interest to accrue thereon and monies then on deposit in the funds and accounts provided for in Section 4.03, be fully sufficient to pay and discharge the indebtedness on all or any portion of Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in this Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then at the election of the Commission, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture relating to the defeased Bonds and all other obligations of the Commission under this Indenture relating to the defeased Bonds with respect to all Bonds Outstanding shall cease and terminate, except only the obligation of the Commission to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, and thereafter Tax Revenues shall not be payable to the Trustee. Notice of such election shall be filed with the Trustee.

Any funds thereafter held by the Trustee, including any funds which have not been claimed by the person entitled thereto within two years of the date upon which such funds were scheduled to be paid, or which are not required for said purpose, shall be paid over to the Commission.

Section 9.04. Execution of Documents and Proof of Ownership by Bondowners. Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Bondowners may be in one or more instruments of similar tenor and shall be executed by Bondowners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Bondowner or his attorney of such request, declaration or other instrument or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Commission or the Trustee in good faith and in accordance therewith.

Section 9.05. Waiver of Personal Liability. No member, officer, agent or employee of the Commission shall be individually or personally liable for the payment of the principal of or interest on the Bonds to Bondowners and the payment of damages to Trustee related to the failure of the Commission to pay principal of or interest on the Bonds; but nothing herein contained shall relieve any such member officer, agent or employee from the performance of any official duty provided by law provided that such duty can be enforced through traditional non-monetary equitable remedies.

Section 9.06. Intentionally Omitted.

Section 9.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Commission of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, when cancellation is permitted by law a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Commission shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.08. Notices and Demands on Commission and Trustee. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee to or on the Commission may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Commission with the Trustee) as follows: Community Development Commission of the City of La Palma, City Hall, 7822 Walker Street, La Palma, California 90623, Attention: Executive Director; or to the Trustee at Bank of America National Trust and Savings Association, 333 South Beaudry Avenue, 25th

Floor, Los Angeles, California 90017, Attention: Corporate Trust #8510.

Section 9.09. Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal or unenforceable such holding shall not affect the validity of the remaining portions of this Indenture. The Commission hereby declares that it would have adopted this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer of the Commission in trust for the benefit of the Bondowners. The Commission covenants for the direct benefit of the Bondowners that its Treasurer in such case shall be vested with all of the rights and powers of the Trustee hereunder and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder in trust for the benefit of the Bonds.

Section 9.10. Effective Date of Indenture. This Indenture shall take effect from and after the date of its execution.

Section 9.11. Governing Law. This Indenture shall be governed by and construed in accordance with the internal laws of the State of California.

IN WITNESS WHEREOF, the Commission has caused this Indenture to be executed in its name and its seal to be affixed hereto and attested and the Trustee, in token of its acceptance of the trusts created hereunder has caused this Indenture to be executed in its name all as of the day and year above written.

LA PALMA COMMUNITY DEVELOPMENT
COMMISSION

By: _____
CHAIRPERSON

(S E A L)

Attest:

SECRETARY

APPROVED AS TO FORM:

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION,
Trustee



(Authorized Officer)

IN WITNESS WHEREOF, the Commission has caused this Indenture to be executed in its name and its seal to be affixed hereto and attested and the Trustee, in token of its acceptance of the trusts created hereunder has caused this Indenture to be executed in its name all as of the day and year above written.

LA PALMA COMMUNITY DEVELOPMENT
COMMISSION

By:



CHAIRPERSON

(S E A L)

Attest:



SECRETARY

APPROVED AS TO FORM:

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION,
Trustee

(Authorized Officer)

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE

LA PALMA COMMUNITY DEVELOPMENT COMMISSION
LA PALMA COMMUNITY DEVELOPMENT PROJECT NO. 1
1993 TAX ALLOCATION REFUNDING BOND

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:

December 1, 1993

REGISTERED OWNER:

PRINCIPAL SUM:

The LA PALMA COMMUNITY DEVELOPMENT COMMISSION, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Commission"), for value received hereby promises to pay to the Registered Owner, stated above or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above in lawful money of the United States of America and to pay interest thereon in like lawful money from the Interest Payment Date next preceding the date of registration and authentication of this Bond (unless (i) this Bond is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date in which event it shall bear interest from such Interest Payment Date, or (iii) this Bond is authenticated on or prior to May 15, 1994, in which event it shall bear interest from the Dated Date above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond) until payment of such Principal Sum in full, at the rate per annum stated above, payable semiannually on June 1 and December 1, commencing June 1, 1994, ("Interest Payment Date") calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof at maturity and premium, if any, upon earlier redemption hereof are payable at the corporate trust office of Bank of America National Trust and Savings Association, the trustee under the Supplemental Trust Indenture No. 2 (as hereinafter defined) (the "Trustee"), in Los Angeles, California. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed to the Registered Owner hereof at the Registered

Owner's address as it appears on the Bond registration books maintained by the Trustee at the close of business on the fifteenth day of the month next preceding the month of such Interest Payment Date, whether or not such day is a Business Day.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS OF THIS BOND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Law, both as defined herein, and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Commission, does not exceed any limit prescribed by the Law or any laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Supplemental Indenture.

This Bond shall not be entitled to any benefit under the Supplemental Indenture or become valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the La Palma Community Development Commission has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Chairperson and its seal to be reproduced hereon and attested by the facsimile signature of its Secretary, all as of December 1, 1993.

LA PALMA COMMUNITY DEVELOPMENT
COMMISSION

By: _____
Chairperson

(S E A L)

ATTEST:

Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as
Trustee

AUTHENTICATION DATE:

Authorized Officer

(FORM OF BACK OF BOND)

This Bond is one of a duly authorized issue of Bonds of the Commission designated as "La Palma Community Development Commission, La Palma Community Development Project No. 1, 1993 Tax Allocation Refunding Bonds" (the "Bonds"), of an aggregate principal amount of Five Million One Hundred Thousand Dollars (\$5,100,000.00), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates, or redemption and other provisions). The Bonds are issued pursuant to the provisions of the Community Redevelopment Law, being Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law") and pursuant to a resolution of the Commission adopted October 19, 1993, and a Supplemental Trust Indenture No. 2, dated as of December 1, 1993, entered into by and between the Commission and the Trustee (the "Supplemental Indenture"), authorizing the issuance of the Bonds. Reference is hereby made to the Supplemental Indenture (copies of which are on file at the office of the Commission) and all indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues, as that term is defined in the Supplemental Indenture, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Commission thereunder, to all of the provisions of which Supplemental Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Commission to advance refund and defease the Commission's \$4,950,000 La Palma Community Development Project No. 1, 1988 Tax Allocation Bonds (the "1988 Bonds").

The Bonds are special obligations of the Commission and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Supplemental Indenture) are payable from, and are secured equally and on a parity with the La Palma Community Development Commission, La Palma Community Development Project No. 1, 1991 Tax Allocation Bonds, ("1991 Bonds") without distinction, by a charge and lien on the Tax Revenues derived by the Commission from the Redevelopment Project Area (as those terms are defined in the Supplemental Indenture). There has been created and will be maintained by the Trustee, a Special Fund (as defined in the Supplemental Indenture) into which Tax Revenues shall be deposited and from which the Trustee shall thereafter pay the principal of, redemption premium and the interest on the Bonds when due. Subject to the foregoing, as and to the extent set forth in the Supplemental Indenture, all such Tax Revenues (together with all of the moneys in the Reserve Account, as defined in the Supplemental Indenture) are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Supplemental

Indenture and the Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds. Notwithstanding the foregoing, in accordance with the Supplemental Indenture, Tax Revenues in excess of amounts required for such payment of the Bonds may be applied for other purposes as provided in the Supplemental Indenture.

This Bond is not a debt of the City of La Palma, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Commission. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Bonds maturing on or before June 1, 2002, are not subject to optional redemption. Bonds maturing on or after June 1, 2003, are subject, at the option of the Commission, to call and redemption prior to their stated maturities on any June 1 or December 1, commencing June 1, 2002, as a whole or in part in inverse order of maturity, and by lot within a maturity, together with accrued interest thereon to the redemption date, if any is due and owing, plus a premium as follows:

<u>Redemption Dates</u>	<u>Premium</u>
June 1, 2002 and December 1, 2002	2 %
June 1, 2003 and December 1, 2003	1 1/2%
June 1, 2004 and December 1, 2004	1 %
June 1, 2005 and December 1, 2005	1/2%
June 1, 2006 and thereafter	0 %

The Bonds maturing on June 1, 2022 (the "Term Bonds"), are subject to mandatory redemption in part on June 1, 2008 and on June 1 of each year thereafter as further provided in the Indenture, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the date fixed for redemption, without premium, from Sinking Account payments required to be made by the Commission under the Supplemental Indenture.

As provided in the Supplemental Indenture, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective Registered Owners of any Bonds designated for redemption at their addresses appearing on the bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Supplemental Indenture,

interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Supplemental Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Supplemental Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Supplemental Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Supplemental Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity and series.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing at said offices of the Trustee, but only in the manner and subject to the limitations provided in the Supplemental Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations for the same aggregate principal amount, of the same series and of the same maturity will be issued to the transferee in exchange therefor.

The Commission and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Commission and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Commission and the owners of the Bonds may be modified or amended at any time in the manner to the extent and upon the terms provided in the Supplemental Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the Registered Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bond the consent of the owners of which is required to effect any such modification or amendment.

(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the bond register of the Trustee with full power of substitution in the premises.

Dated: _____ Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantee institution.

RESOLUTION NO. CDC 2001-31

A RESOLUTION OF THE LA PALMA COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA APPROVING THE ISSUANCE OF ITS LA PALMA COMMUNITY DEVELOPMENT PROJECT NO. 1, 2001 TAX ALLOCATION REFUNDING BONDS, A FORM OF SUPPLEMENTAL INDENTURE, A FORM OF A BOND PURCHASE AGREEMENT, A FORM OF AN ESCROW DEPOSIT AND TRUST AGREEMENT, A FORM OF AN OFFICIAL STATEMENT, CONTINUING DISCLOSURE AGREEMENT AND MAKING CERTAIN DETERMINATIONS RELATING THERETO

WHEREAS, the Community Development Commission of the City of La Palma (the "Commission") is a redevelopment agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law, being Section 33000 and following of the Health and Safety Code of the State of California, and the Powers of the Agency include the power to issue bonds for any of its corporate purposes; and

WHEREAS, a redevelopment plan, known as the community Development Plan for the La Palma Community Development Project No. 1, has been adopted and approved by Ordinance No. 83-1, which was adopted on May 3, 1983, was amended on May 5, 1987 and was further amended on June 23, 1992; and

WHEREAS, the Commission, in order to provide additional financing for the Project, has determined to issue its not to exceed \$7,000,000 principal amount of its La Palma Community Development Project No. 1, 2001 Tax Allocation Refunding Bonds, (the "Bonds") for the purpose of refunding its La Palma Development Project No. 1, 1991 Tax Allocation Bonds (the "1991 Bonds"); and

WHEREAS, there has been presented at this meeting a form of Supplemental Trust Indenture No. 3, a Bond Purchase Agreement, and an Escrow Deposit and Trust Agreement providing for the issuance of the Bonds; and

NOW, THEREFORE, BE IT RESOLVED by the Community Development Commission of the City of La Palma as follows:

SECTION 1. Approval of Issuance of Bonds. The issuance of its La Palma Community Development Commission, La Palma Community Development Project No. 1, 2001 Tax Allocation Refunding Bonds in a principal amount not to exceed \$7,000,000 to refund the 1991 Bonds, to establish a reserve fund, to pay the costs of issuance of the Bonds, and for other purposes related thereto, all of which constitute a "redevelopment activity," as such term is defined in Health and Safety Code Section 33678, is hereby authorized and approved.

SECTION 2. Approval of Supplemental Trust Indenture. The form of Trust Indenture No. 3 dated as of November 1, 2001, by and between the Commission and U.S. Bank Corporate Trust Services, as trustee (the "Indenture") presented at this meeting is hereby approved and the Chairperson or Vice Chairperson or Executive Director or Assistant Executive Director and the Secretary are hereby authorized and directed, for and in the name of and on

behalf of the Commission, to execute, acknowledge and deliver said Indenture in substantially the form presented at this meeting with such changes therein as the officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. Approval of the Bond Purchase Agreement. The form of the Bond Purchase Agreement relating to the purchase of the Bonds by Wedbush Morgan Securities, Inc. (the "Underwriter") a copy of which will be on file with the Secretary of the Commission, be and is hereby approved, or with such changes as may be approved by the Chairperson or any Vice Chairperson or Executive Director or Assistant Executive Director or Treasurer of the Commission, said execution thereof to constitute conclusive evidence of said officer approval of all changes from the form presented to this meeting, and the Chairperson or any Vice Chairperson or Executive Director or Assistant Executive Director or Treasurer of the Commission be and is hereby authorized, together or alone, to execute and deliver said Agreement and to insert in the aforesaid Agreement the dollar amounts and terms of the 2001 Bonds which reflects the provisions of said Bond Purchase Agreement. Provided, however, that (1) the aggregate principal amount of the Bonds shall not exceed \$7,000,000; and (2) the Agency shall have received from the Underwriter prior to the sale of the Bonds its confirmation that the Bonds will have a net interest cost (computed on the face amount thereof without discount) of not more than seven percent (7%), with an initial underwriter's discount of no more than two percent (2%) exclusive of any original issue discount.

SECTION 4. Approval of Escrow Deposit and Trust Agreements. The proposed form of the Escrow Deposit and Trust Agreement (the "Escrow Agreement") in substantially the form on file with the Secretary, with any amendments approved by the Executive Director, is hereby approved. The Chairperson or Executive Director or Assistant Executive Director or Treasurer are hereby authorized and directed to execute and deliver, and the Secretary is hereby authorized and directed to attest and affix the seal of the Commission to, the Escrow Agreement in substantially said form, with such additions thereto or changes therein as are approved by the Executive Director upon consultation with Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Escrow Agreement by the Chairperson or Executive Director or Assistant Executive Director or Treasurer.

SECTION 5. Appointment of Trustee. U.S. Bank Corporate Trust Services is hereby appointed as Trustee pursuant to the Indenture, to take any and all action provided therein to be taken by the Trustee.

SECTION 6. Appointment of Professionals. The consulting firm of RSG, Inc., the law firm of Rutan & Tucker, LLP, the law firm of Best Best & Krieger, LLP, Wedbush Morgan Securities and the consulting firm of Harrel & Company Advisors, LLC, are hereby retained as Fiscal Consultant, Bond Counsel, Disclosure Counsel, Underwriter and Pricing Consultant.

SECTION 7. Filing of CDIAC Notice. The Commission hereby approves the filing by the Underwriter or Bond Counsel of a notice of the Commission's intent to sell the Bonds with the California Debt Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

SECTION 8. The Chair or Executive Director or Assistant Executive Director or Treasurer is authorized to execute a final Official Statement in substantially the form of the preliminary Official Statement, and Continuing Disclosure Agreement relating thereto, which have been presented at this meeting and are hereby approved, with such additions thereto and changes therein as are recommended or approved by Bond Counsel to the Agency and the officer executing the same, with such approval to be conclusively evidenced by the execution

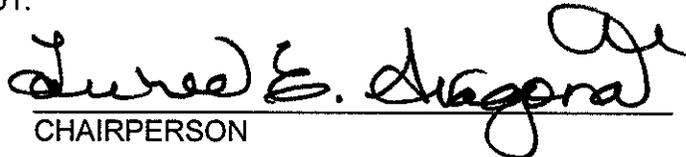
and delivery of such documents. The Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds and to provide to the purchasers of the Bonds and to provide to the purchasers of the Bonds from the Underwriter copies of the final Official Statement. The Executive Director or Assistant Executive Director or Treasurer is hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 pertaining to the Preliminary Official Statement.

SECTION 9. Each and every officer of the Agency is authorized to perform his or her services on behalf of the Agency. The Executive Director or Assistant Executive Director or Treasurer, or his written designee, is authorized to incur such costs and to contract for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, printing the Bonds, printing the Preliminary Official Statement and the Official Statement, obtaining legal services, fiscal agent services and any other services deemed appropriate for the issuance of the Bonds including, without limitation, the costs of Bond Insurance, Reserve Fund Surety, and Rating Agency Services (referred to in the Indenture as "Costs of Issuance") and the payment for said Costs of Issuance shall be approved by the Executive Director or Assistant Executive Director or Treasurer. The Executive Director or Assistant Executive Director or Treasurer, or his written designee; is authorized to pay for such Costs of Issuance with Bond proceeds established pursuant to the Indenture without further approval of this Board of Directors.

SECTION 10. All actions heretofore taken by officers and agents of the Agency with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the Chairperson and Secretary and the other officers of the Agency responsible for the fiscal affairs of the Agency are hereby authorized and directed to take any actions and execute and deliver any and all certificates, instruments, agreements and documents as are necessary to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Indenture as determined by Bond Counsel. In the event that the Chairperson or Executive Director or Assistant Executive Director or Treasurer is/are unavailable to sign any document authorized for execution herein, the City of La Palma's Finance Director shall sign such document. Any document authorized herein to be signed by the Secretary may be signed by a duly appointed deputy secretary.

SECTION 11. Effective Date. This Resolution shall take effect upon adoption.

ADOPTED AND APPROVED by the Community Redevelopment Commission of the City of La Palma this 6th day of November, 2001.


CHAIRPERSON

ATTEST:


SECRETARY

APPROVED:


EXECUTIVE DIRECTOR

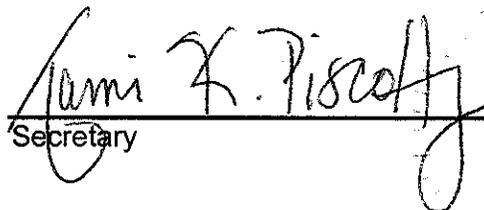
STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS.
CITY OF LA PALMA)

I, Tami K. Piscotty, Secretary of the Community Development Commission of the City of La Palma, California, DO HEREBY CERTIFY that the foregoing Resolution was adopted by the Community Development Commission at a regular meeting of the Commission held on the 6th day of November, 2001, and that it was so adopted by called vote as follows:

AYES: Aragona, Barnes, Blake, Duke, Walker

NOES: None

ABSENT: None


Secretary

SUPPLEMENTAL TRUST INDENTURE NO. 3

By and Between

LA PALMA COMMUNITY DEVELOPMENT COMMISSION

and

U.S. BANK TRUST NATIONAL ASSOCIATION

as Trustee

Dated as of December 1, 2001

**Relating to
\$6,200,000 La Palma Community Development Project No. 1
2001 Tax Allocation Refunding Bonds**

SUPPLEMENTAL TRUST INDENTURE NO. 3

THIS SUPPLEMENTAL TRUST INDENTURE NO. 3 (the "Indenture") is dated as of December 1, 2001, by and between the La Palma Community Development Commission, a public body, corporate and politic, organized and existing under, and by virtue of the laws of the State of California (the "Commission"), and U.S. Bank Trust National Association, a national banking association organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States with a corporate trust office located in Los Angeles, California, as trustee (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the Commission is a redevelopment agency, a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, including the power to issue bonds, notes and other obligations for any of its corporate purposes;

WHEREAS, a Community Development Plan for the La Palma Community Development Project No. 1 has been adopted in compliance with all requirements of law;

WHEREAS, the Commission has by Resolution No. CDC 91-20, adopted September 17, 1991 (the "Resolutions"), authorized the issuance of its La Palma Community Development Project No. 1, 1991 Tax Allocation Bonds (the "1991 Bonds"), in the principal amount of \$6,500,000.00 to finance the cost of certain public improvements to be constructed and installed within and without La Palma Community Development Project No. 1 and other expenditures authorized by the Law;

WHEREAS, the Commission has now determined to issue the Bonds to refund the 1991 Bonds and to enter into this Indenture to secure the Bonds by a pledge and assignment of the Tax Revenues (subject to the limitations hereinafter set forth in Section 4.01) and certain proceeds of the Bonds; and

WHEREAS, all things necessary to cause the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, to be valid, binding and legal special obligations of the Commission in accordance with their terms, and to constitute this Indenture a valid assignment and pledge of the Tax Revenues pledged to the payment of principal of and interest and any redemption premium on the Bonds (subject to the limitations hereinafter set forth in Section 4.01), and all things necessary to cause the creation, execution and delivery of this Indenture and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

WHEREAS, the Bonds may be sold on a negotiated basis pursuant to Government Code Section 53580 et seq. (the "Refunding Law"); and

WHEREAS, the Commission desires to issue the Bonds on parity with its La Palma Community Development Project No. 1, 1993 Tax Allocation Refunding Bonds (the "1993 Bonds");

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

GRANTING CLAUSES

The Commission, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest and any redemption premium on the Bonds according to their tenor and effect and to secure the performance and observance by the Commission of all the covenants expressed or implied herein and in the Bonds, does hereby assign and pledge unto, and grant a security interest in the following (the "Trust Estate") to U.S. Bank Trust National Association, as Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Commission hereinafter set forth:

GRANTING CLAUSE FIRST

Subject to the limitations set forth in Section 4.01 hereof, all right, title and interest of the Commission in and to the Tax Revenues, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any Tax Revenues payable to or receivable by the Commission under the Constitution of this State and the Law and any other applicable laws of this State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which the Commission is or may become entitled to do thereunder, subject to the terms hereof.

GRANTING CLAUSE SECOND

All monies and securities and all other rights of every name and nature from time to time herein or hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the Commission or by anyone in its behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever for the benefit of the Bondowners and such pledge shall constitute a lien on and security interest in such Trust Estate;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Commission, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the Bonds due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final

payments or deposits as herein provided, this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the Tax Revenues hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Commission has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE 1 STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01 Authority for this Indenture.

This Indenture is entered into pursuant to the provisions of the Law and Resolution No. CDC 2001-60, adopted by the Commission on November 6, 2001.

Section 1.02 Indenture Constitutes Contract.

In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Commission, the Trustee and the Owners of the Bonds. The pledge made in this Indenture and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Commission shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Indenture.

Section 1.03 Definitions.

Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Indenture, of any Additional Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

ACA or Bond Insurer or Insurer

"ACA" or "Bond Insurer" or "Insurer" means ACA Financial Guaranty Corporation.

Additional Bonds

"Additional Bonds" means all bonds or notes ranking on a parity with the 1993 Bonds and the Bonds issued hereunder and issued under and pursuant to Section 3.04 and an Additional Supplemental Indenture.

Additional Supplemental Indenture

"Additional Supplemental Indenture" or "Supplemental Indenture" or "Additional Supplemental Resolution" means any indenture or resolution then in full force and effect which has been duly approved or adopted by the Commission under the Law, or any act supplementary thereto or amendatory thereof, at a meeting of the Commission duly convened and held, at which a quorum was present and acted thereon, amendatory of or supplemental to the 1993 Indenture and not including this Indenture; but only if and to the extent that such Additional Supplemental Indenture is specifically authorized hereunder.

Annual Debt Service

"Annual Debt Service" means for each Bond Year, the sum of (1) the interest falling due on the Outstanding Bonds of all series in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (2) the principal amount of the Outstanding Bonds falling due by their terms in such Bond Year, using for such determination of principal amount with respect to Term Bonds, the amount of Sinking Account payments falling due in such Bond Year.

Articles, Sections

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

1988 Bonds

"1988 Bonds" means the La Palma Community Development Project No. 1, 1988 Tax Allocation Bonds in the amount of \$4,950,000.00.

1991 Bonds

"1991 Bonds" means the La Palma Community Development Project No. 1, 1991 Tax Allocation Bonds in the amount of \$6,500,000.00.

1993 Bonds

"1993 Bonds" means the La Palma Community Development Project No. 1, 1993 Tax Allocation Refunding Bonds in the amount of \$5,100,000.

Bond Counsel

"Bond Counsel" means any attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

Bonds, Serial Bonds, Term Bonds

"Bonds" means the La Palma Community Development Commission, La Palma Community Development Project No. 1, 2001 Tax Allocation Refunding Bonds authorized by, and at any time Outstanding pursuant to this Indenture.

"Serial Bonds" means Bonds for which no mandatory Sinking Account payments are provided.

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from mandatory Sinking Account payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Proceeds Fund

"Bond Proceeds Fund" means the fund by that name established by Section 3.02.

Bond Year

"Bond Year" means the twelve (12) month period commencing on June 2 of each year and continuing through the following June 1 of the next succeeding year, provided that the first Bond Year shall extend from the Closing Date to June 1, 2002.

Business Day

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Trustee has its principal corporate trust office, or in the City of New York, New York are authorized or obligated by law or executive order to be closed.

Chairperson

"Chairperson" means the chairman of the Commission appointed pursuant to Section 33113 of the Health and Safety Code of the State of California, or other duly appointed officer of the Commission authorized by the Commission by resolution or by-law to perform the functions of the chairperson in the event of the chairperson's absence or disqualification.

City

"City" means the City of La Palma.

Closing Date

"Closing Date" means the day when the Bonds, duly authenticated by the Trustee, are delivered to the original purchaser thereof.

Code

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations adopted thereunder by the Internal Revenue Service.

Commission

"Commission" means the La Palma Community Development Commission, a public body, corporate and politic, established under the Law.

Continuing Disclosure Certificate

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate relating to the Bonds executed by the Commission and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Cost of Issuance

"Cost of Issuance" means items of expense payable or reimbursable directly or indirectly by the Commission and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Trustee, including Trustee counsel fees, expenses incurred by the Commission in connection with the issuance of the Bonds, legal fees and charges, including Bond Counsel, Disclosure Counsel and financial consultant's fees, costs of verifications, rating agency fees, bond insurance premium, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

Cost of Issuance Account

"Cost of Issuance Account" means the account by that name established by Section 3.02.

County

"County" means the County of Orange.

County Assessor

"County Assessor" means the person who holds the office in the County in which the Commission is located designated as the County Assessor, or one of his duly appointed deputies, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

County Auditor-Controller

"County Auditor-Controller" means the person who holds the office in the County in which the Commission is located designated as the County Auditor-Controller, or one of his duly

appointed deputies, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

Depository

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.05.

Depository System Participation.

"Depository System Participation" means any participant in the Depository's book-entry system.

DTC

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

Escrow Agreement

"Escrow Agreement" means that Escrow Deposit and Trust Agreement No. 2 between the Commission and the Escrow Agent dated as of December 1, 2001 relating to the 1991 Bonds.

Escrow Agent

"Escrow Agent" means U.S. Bank Trust National Association appointed pursuant to the Escrow Agreement.

Escrow Fund

"Escrow Fund" means that fund established pursuant to Section 3 of the Escrow Agreement.

Excess Earnings Account

"Excess Earnings Account" means that account established pursuant to Section 6.09 hereof.

Excess Investment Earnings

"Excess Investment Earnings" has the meaning ascribed in Section 6.09 hereof.

Federal Securities

"Federal Securities" means any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State for trust funds held by the Trustee:

(a) Direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America (including state and local government series), including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(b) Any of the following obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank, (ii) certificates of beneficial ownership issued by the Farmers Home Administration, (iii) participation certificates issued by the General Services Administration, (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (v) project notes issued by the United States Department of Housing and Urban Development, and (vi) public housing notes and bonds guaranteed by the United States of America; or

(c) Obligations of states or of any political subdivisions thereof, provided that the payment of principal thereof and interest thereon is fully secured by obligations described in (a) and/or (b) above.

Financing Documents

"Financing Documents" means this Indenture, the Escrow Agreement, and any related document.

Fiscal Year

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both inclusive, or any other twelve-month period hereafter selected and designated by the Commission as its official fiscal year period.

Gross Proceeds

"Gross Proceeds" has the meaning given to such term in Section 148(f)(6)(B) of the Code.

1988 Indenture

"1988 Indenture" means that Trust Indenture by and between the La Palma Community Development Commission and Bank of America National Trust and Savings Association dated as of May 1, 1988.

1991 Indenture

"1991 Indenture" means that Supplemental Trust Indenture No. 1 by and between the La Palma Community Development Commission and Bank of America National Trust and Savings Association dated as of October 1, 1991.

1993 Indenture

"1993 Indenture" means that Supplemental Trust Indenture No. 2 by and between the La Palma Community Development Commission and the Bank of America National Trust and Savings Association dated as of December 1, 1993.

Indenture

"Indenture" means this Supplemental Trust Indenture No. 3, as it may be amended or supplemented by any Additional Supplemental Indenture adopted pursuant to the provisions hereof.

Independent Certified Public Accountant

"Independent Certified Public Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State of California, appointed by the Commission, and who, or each of whom:

- (1) is in fact independent and not under domination of the Commission;
- (2) does not have any substantial interest, direct or indirect, with the Commission;

and

(3) is not connected with the Commission as an officer or employee of the Commission, but who may be regularly retained to make reports to the Commission.

Independent Financial Consultant

"Independent Financial Consultant" means any financial consultant or firm of such consultants appointed by the Commission, and who, or each of whom:

- (1) is in fact independent and not under domination of the Commission;
- (2) does not have any substantial interest, direct or indirect, with the Commission;
- (3) is not connected with the Commission as an officer or employee of the Commission, but who may be regularly retained to make reports to the Commission; and
- (4) is approved by ACA.

Interest Account

"Interest Account" means the account by that name established pursuant to Section 4.03.

Interest Payment Date

"Interest Payment Date" means June 1 and December 1 of each year while the Bonds are Outstanding.

Investment Account

"Investment Account" means the account by that name established pursuant to Section 6.09.

Investment Agreement

"Investment Agreement" means an investment which is a legal investment for proceeds of the Bonds at the time of the execution of such agreement, and which investment is made pursuant to an agreement among the Commission, the Trustee and a financial institution or governmental agency or instrumentality.

Investment Earnings

"Investment Earnings" means all interest earned and any gains and losses on the funds and accounts established by this Indenture (excluding the Rebate Fund) and held by the Trustee.

Law

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California, and the acts amendatory thereof and supplemental thereto.

Letter of Instructions or Rebate Certificate

"Letter of Instructions" or "Rebate Certificate" means the letter or certificate delivered on the Closing Date regarding compliance with the Code, and as it may be supplemented or amended from time to time.

Maximum Annual Debt Service

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

Nominee

"Nominee" means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.05(a).

Non-Purpose Obligations

"Non-Purpose Obligations" has the meaning given to such term in Section 148(f)(6)(A) of the Code.

Original Purchaser

"Original Purchaser" means Wedbush Morgan Securities as the first purchaser of the 2001 Bonds.

Outstanding

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.04) all Bonds except--

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Commission pursuant to the Indenture or any Additional Supplemental Indenture.

Owner, Bondowner

"Owner" or "Bondowner" means any person who shall be the registered owner of any Outstanding fully registered Bond.

Participating Underwriter

"Participating Underwriter" shall have the meaning ascribed thereto in the applicable Continuing Disclosure Agreement.

Permitted Investments

"Permitted Investments" means:

1. Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the next paragraph).
2. Direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury) the United States of America. In the event these securities are used for defeasance, they shall be non-callable and non-prepayable.

To the extent permitted by law, ACA will allow the following obligations to be used as permitted investments for all purposes other than defeasance investments in refunding escrow accounts:

1. Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America:
 - a. U.S. Export-Import Bank (Eximbank)
 - b. Rural Economic Community Development Administration
 - c. Federal Financing Bank
 - d. U.S. Maritime Administration

- e. U.S. Department of Housing and Urban Development (PHAs)
- f. General Services Administration
- g. Small Business Administration
- h. Government National Mortgage Association (GNMA)
- i. Federal Housing Administration
- j. Farm Credit System Financial Assistance Corporation

2. Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- a. Senior debt obligations rated in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- b. Senior debt obligations of the Federal Home Loan Bank System.
- c. Senior debt obligations of other Government Sponsored Agencies approved by ACA.

3. U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which either (a) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two nationally recognized rating agencies, (b) are insured at all times by the Federal Deposit Insurance Corporation, or (c) are collateralized with direct obligations of the United States of America at one hundred two percent (102%) valued daily. All such certificates must mature no more than three hundred sixty (360) days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank).

4. Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies and which matures not more than two hundred seventy (270) days after the date of purchase.

5. Investments in (a) money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least two nationally recognized rating agencies and (b) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the Commission's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least two nationally recognized rating agencies.

6. Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to

maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

a. which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term category of at least two (2) nationally recognized rating agencies; or

b.(i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and

(ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

7. General obligations of states with a short-term rating in one (1) of the two (2) highest rating categories and a long-term rating in one (1) of the two (2) highest rating categories of at least two (2) nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

8. Investment agreements approved in writing by ACA.

9. Other forms of investments (including repurchase agreements) approved in writing by ACA.

The value of the above investments, other than cash, shall be determined as follows:

"Value," which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

1. As to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

2. As to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

3. As to certificates of deposit and bankers acceptances, the face amount thereof, plus accrued interest; and

4. As to any investment not specified above, the value thereof established by prior agreement between the Commission, the Trustee and ACA.

Policy

"Policy" means the financial guaranty policy issued by ACA.

Principal Account

"Principal Account" means the Account by that name established by Section 4.03.

Project, Redevelopment Project

"Project" or "Redevelopment Project" means the undertaking of the Commission pursuant to the Redevelopment Plan, as amended, and the Law for the redevelopment of the Project Area, as amended.

Project Area, Redevelopment Project Area

"Project Area" or "Redevelopment Project Area" means the La Palma Community Development Project Area No. 1 described in the Redevelopment Plan, as amended on May 3, 1987, June 2, 1987, July 7, 1992 and hereafter.

Rebate Fund

"Rebate Fund" means the fund by that name established and held by the Trustee pursuant to Section 6.09 hereof.

Redemption Account

"Redemption Account" means the account by that name established by Section 4.03.

Redevelopment Plan

"Redevelopment Plan" or "Plan" means the Community Development Plan for the La Palma Community Development Project No. 1 approved and adopted by Ordinance No. 83-7, adopted by the City Council of the City of La Palma on May 3, 1983, as amended on May 5, 1987 and Ordinance No. 87-03 adopted by the City Council of the City of La Palma on June 2, 1987, as amended by Ordinance No. 92-06 on July 7, 1992, and as hereafter amended in accordance with the Law.

Refunding Law

"Refunding Law" means Government Code Section 53580 et seq.

Report

"Report" means a report in writing signed by an Independent Financial Consultant and including:

(1) a statement that the person or firm making or giving such report has read the pertinent provisions of this Indenture to which such report relates;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based;

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the report.

Reserve Account

"Reserve Account" means the account by that name established by Section 4.03.

Reserve Requirement

"Reserve Requirement" means as of the date of calculation an amount equal to the lesser of ten percent (10%) of the original principal amount (less any underwriter's discount) of the Bonds and any Additional Bonds or the Maximum Annual Debt Service on the Bonds and any Additional Bonds.

Sinking Account

"Sinking Account" means the account by that name established pursuant to Section 4.03.

Special Fund

"Special Fund" means the fund by that name established by Section 4.02.

1988 Special Fund

"1988 Special Fund" means the fund by that name established in Section 4.02 of the 1988 Indenture.

1991 Special Fund

"1991 Special Fund" means the fund by that name established in Section 4.02 of the 1991 Indenture.

1993 Special Fund

"1993 Special Fund" means the fund by that name established in Section 4.02 of the 1993 Indenture.

State

"State" means the State of California.

Surplus Account

"Surplus Account" means the account by that name established pursuant to Section 4.03.

Tax Increment Revenues

"Tax Increment Revenues" means that portion of taxes in the Redevelopment Project and received by the Commission, which is allocated to and paid into a special fund of the Commission pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, excluding that portion of Tax Increment Revenues required by Section 33334.2 of the Law to be used by the Commission for increasing and improving the supply of low and moderate income housing, all as more particularly set forth hereafter in this Indenture and in any Additional Supplemental Indenture authorizing the issuance of Additional Bonds.

Tax Revenue Certificate

"Tax Revenue Certificate" means a certificate of the Commission, executed by the Executive Director or the Treasurer of the Commission, stating the amount of Tax Revenues received or to be received by the Commission in the then current Fiscal Year, accompanied, in the case of a statement of Tax Revenues to be received, by a statement from the County Auditor-Controller or from an Independent Financial Consultant of Tax Revenues to be paid to the Commission.

Tax Revenues

"Tax Revenues" means (a) Tax Increment Revenues received by the Commission, (b) Investment Earnings, and (c) reimbursements, subventions, but excluding payments to the Commission with respect to personal property within the Redevelopment Project pursuant to Section 16110, et seq., of the Government Code, and other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes. Tax Revenues shall not include amounts payable by the Commission under agreements entered into pursuant to Section 33401 of the Law.

Treasurer

"Treasurer" means the treasurer of the Commission appointed pursuant to the Law, or other duly appointed officer of the Commission authorized by the Commission by resolution or bylaw to perform the functions of the treasurer including, without limitation, the Assistant Treasurer of the Commission.

1988 Trustee

"1988 Trustee" means Bank of America National Trust and Savings Association as Trustee pursuant to the 1988 Indenture or its lawful successor.

1991 Trustee

"1991 Trustee" means Bank of America National Trust and Savings Association as Trustee pursuant to the 1991 Indenture or its lawful successor.

1993 Trustee

"1993 Trustee" means Bank of America National Trust and Savings Association as Trustee pursuant to the 1993 Indenture or its lawful successor.

Trustee

"Trustee" means the Trustee appointed by the Commission as herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01.

Written Request of the Commission

"Written Request of the Commission" means an instrument in writing signed by the Chairperson or Executive Director or by any other officer of the Commission duly authorized by the Commission for that purpose.

Yield

"Yield" has the meaning given to such term in Section 148 of the Code.

Yield on the Bonds or Bond Yield

"Yield on the Bonds" or "Bond Yield" means 5.7075184% per annum.

ARTICLE 2
THE BONDS

Section 2.01 Authorization.

There are hereby authorized to be issued by the Commission under and subject to the terms of this Indenture and the Constitution and laws of the State of California, specifically including the Law, the Bonds in the aggregate principal amount of Six Million Two Hundred Thousand Dollars (\$6,200,000). This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued hereunder and then Outstanding to secure the full and final payment of principal and premiums, if any, and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "La Palma Community Development Commission, La Palma Community Development Project No. 1, 2001 Tax Allocation Refunding Bonds."

Section 2.02 Terms of Bonds.

(1) The Bonds shall be issued as fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof, but in an amount not to exceed the aggregate principal amount of Bonds maturing in the year of maturity of the Bond for which the denomination is specified. Bonds shall be numbered as determined by the Trustee from one (1) consecutively upwards in order of issuance.

(2) Date of Authentication of Bonds. The Bonds shall be dated as of the date of authentication thereof, except that each Bond delivered to the purchaser designated in Section 3.01 shall be dated as of December 1, 2001

(3) CUSIP Identification Numbers: "CUSIP" identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the Commission to use such CUSIP numbers in any notice to Owners of the Bonds shall not constitute an event of default or any violation of the Commission's contract with such Owners.

(4) Maturities. The Bonds shall mature and become payable on June 1 of each year, as follows:

MATURITY SCHEDULE

<u>Maturity</u>	<u>Type of Bond</u>	<u>Interest</u>	<u>Maturity Value</u>
6/01/2002	Serial	2.500%	125,000.00
6/01/2003	Serial	2.750%	175,000.00
6/01/2004	Serial	3.100%	180,000.00
6/01/2005	Serial	3.450%	190,000.00
6/01/2006	Serial	3.700%	195,000.00
6/01/2007	Serial	4.050%	200,000.00
6/01/2008	Serial	4.250%	215,000.00
6/01/2009	Serial	4.400%	225,000.00
6/01/2010	Serial	4.550%	230,000.00
6/01/2011	Serial	4.700%	245,000.00
6/01/2021	Term	5.500%	4,220,000.00
	Total		6,200,000.00

(5) Interest. The Bonds shall bear interest at the rates designated by the Commission at the time of the sale of the Bonds and as set forth above in the preceding subsection, payable on June 1, 2002, and thereafter semiannually on June 1 and December 1 in each year (the "Interest Payment Dates"), if any interest shall be due and owing. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event

it shall bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before May 15, 2002, in which event it shall bear interest from December 1, 2001; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(6) Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable on the Interest Payment Date by check of the Trustee mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the fifteenth day of the month preceding the Interest Payment Date, whether or not such day is a Business Day. Principal of the Bonds is payable in lawful money of the United States of America upon presentment at the principal corporate trust office or agency of the Trustee in St. Paul, Minnesota.

Section 2.03 Redemption.

(1) Optional Redemption. Bonds maturing on or before June 1, 2011, shall not be subject to optional redemption before their stated maturity. Bonds maturing by their terms on or after June 1, 2012 are subject, at the option of the Commission, to call for redemption prior to their stated maturities on any date commencing June 1, 2011, in whole or in part at the option of the Commission, from any available source of funds deposited in the Redemption Account, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the redemption date, if any is due and owing, plus a premium as follows:

<u>Redemption Dates</u>	<u>Redemption Price</u>
June 1, 2011 through May 31, 2012	102.0%
June 1, 2012 through May 31, 2013	101.0%
June 1, 2013 and thereafter	100.0%

The Commission shall give the Trustee written notice of its intention to redeem Bonds pursuant to this subsection (1) not less than sixty (60) days prior to the applicable redemption date.

(2) Sinking Account Redemption. The Term Bonds maturing on June 1, 2021 are subject to mandatory redemption prior to their maturity date in part, by lot, from, and to the extent of, the Sinking Account payments commencing on June 1, 2012 and June 1 each year thereafter, according to the schedule of Sinking Account payments set forth and as provided in Section 4.03(3), at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest, if any, to the date fixed for redemption, without premium:

<u>June 1</u>	<u>Principal Amount</u>	<u>June 1</u>	<u>Principal Amount</u>
2012	260,000.00	2017	350,000.00
2013	275,000.00	2018	360,000.00

2014	290,000.00	2019	495,000.00
2015	310,000.00	2020	740,000.00
2016	325,000.00	2021	815,000.00

(3) Redemption Procedure. The Trustee shall cause notice of any redemption to be mailed, first class mail, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the respective registered owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the office of the Trustee; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest accrued on the redemption date.

Such notice shall state the redemption date and the redemption price; if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each of the Bonds or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption; and shall require that such Bonds be then surrendered at the office of the Trustee, for redemption at the said redemption price; and shall state that further interest on such Bonds will not accrue from and after the redemption date. Said notice may or may not be conditioned upon the availability of funds for payment of principal, interest, (and premium, if any) upon the Bonds.

Upon surrender of Bonds redeemed in part only, the Commission shall execute and the Trustee shall authenticate and deliver to the registered Owner at the expense of the Commission a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

From and after the date fixed for redemption, if notice of such redemption shall have been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and no interest shall accrue thereon on or after the redemption date specified in such notice.

Whenever any Bonds are to be selected for redemption by lot, the Trustee shall determine, in any manner deemed by it to be fair, the serial numbers of the Bonds to be redeemed and shall notify the Commission thereof.

All Bonds redeemed pursuant to this section and all Bonds purchased by the Trustee pursuant to Section 4.03 shall be canceled and destroyed by the Trustee.

Section 2.04 Form of Bonds.

The Bonds, the form of Trustee's certificate of authentication and registration, and assignment to appear thereon, shall be substantially in the form set forth on Exhibit A hereto, respectively, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

Section 2.05 Book Entry.

(a) Original Delivery. The Bonds shall be initially delivered in the form of a separate single fully registered Bond without coupons (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered on the Registration Books in the name of Cede & Co., as nominee of the Depository Trust Company (the "Nominee"). Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the Commission and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Commission and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, (iii) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal of premium, if any, or interest on the Bonds or (iv) any consent given or other action taken by the Depository as Owner of the Bonds. The Commission and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal, premium and interest on such Bond, for the purpose of giving notices of redemption and other matter, with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Bonds only to the respective owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Commission to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new Nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Commission shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book entry system, the Commission and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Commission or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, the Commission may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Commission determines to terminate the Depository as such, then the Commission shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Commission and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Commission fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Article 2. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Participants and respective ownership interests thereof.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

Section 2.06 Execution of Bonds.

The Bonds shall be executed on behalf of the Commission by the manual or facsimile signatures of its Chairperson or Vice-Chairperson or Executive Director or Treasurer and its Secretary or Assistant Secretary who are in office on the date of adoption of this Indenture or at any time thereafter. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Commission by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Commission although at the nominal date of such Bond any such person shall not have been such officer of the Commission.

Only such Bonds as shall bear thereon a certificate of authentication and registration in the form hereinbefore recited, executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07 Intentionally Omitted.

Section 2.08 Transfer of Bonds.

Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.09, by the person in whose name it is registered in person or by his duly authorized attorney, upon surrender of such Bond for cancellation

accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee duly executed.

Whenever any Bond or Bonds shall be surrendered for transfer, the Commission shall execute and the Trustee shall deliver a new Bond or Bonds for like aggregate principal amount of authorized denominations.

No transfers of Bonds shall be required to be made with respect to a Bond after such Bond has been selected for redemption.

Section 2.09 Exchange of Bonds.

Bonds of each series may be exchanged at the principal corporate trust office or agency of the Trustee in St. Paul, Minnesota, for a like aggregate principal amount of Bonds of each series of authorized denominations and of the same maturity. The Commission shall pay all exchange costs and charges including the cost of printing any new Bonds and the Trustee shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of Bonds shall be required to be made (i) fifteen days prior to the selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

Section 2.10 Bond Register.

The Trustee will keep or cause to be kept, at its principal corporate trust office or agency in St. Paul, Minnesota, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Commission during normal business hours upon reasonable notice; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books Bonds as hereinbefore provided.

Section 2.11 Temporary Bonds.

The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Commission, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Commission upon the same conditions and in substantially the same manner as the definitive Bonds. If the Commission issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation in exchange therefor at the principal corporate trust office or agency of the Trustee in St. Paul, Minnesota, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.12 Bonds Mutilated, Lost, Destroyed or Stolen.

If any Bond shall become mutilated the Commission, at the expense of the Owner of said Bond shall execute, and the Trustee shall thereupon deliver a new Bond of like series, tenor and principal amount in exchange and substitution for the Bond so mutilated but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Commission. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Commission and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Commission at the expense of the Owner shall execute, and the Trustee shall thereupon deliver a new Bond of like series, tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Commission may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this section and of the expenses which may be incurred by the Commission and the Trustee in the premises. Any Bond issued under the provisions of this section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Commission whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

ARTICLE 3
ISSUE OF BONDS, ADDITIONAL BONDS

Section 3.01 Issuance and Delivery of Bonds.

At any time after the execution of this Indenture the Commission may issue and deliver Bonds in the aggregate principal amount of Six Million Two Hundred Thousand Dollars (\$6,200,000.00). In accordance with the provisions of Resolution No. CDC 2001-60, adopted by the Commission on November 6, 2001, the Bonds have been sold to Wedbush Morgan Securities (the "Purchaser"). The Chairperson and Vice-Chairperson of the Commission, the Secretary of the Commission, the Executive Director, the Assistant Executive Director, the Treasurer, the General Counsel and other proper officers of the Commission, as designated in writing by the Chairperson/Executive Director, are hereby authorized and directed to deliver any and all documents and instruments, to authorize the payment of Cost of Issuance and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Bonds to the Purchaser.

Section 3.02 Application of Proceeds of Sale of Bonds and Other Monies.

There is hereby established a fund to be known as the "La Palma Community Development Commission, La Palma Community Development Project No. 1, 2001 Tax Allocation Refunding Bonds, Bond Proceeds Fund" and within such Fund, an Account to be known as the Cost of Issuance Account, which Fund and Account shall be held in trust by the Trustee. Upon the delivery of the Bonds to the purchaser thereof, the Trustee, on behalf of the Commission, will receive from the 1991 Trustee, the monies remaining in the Special Fund created pursuant to the 1991 Indenture, including any accounts therein, in an amount as set forth in a Written Request of the Commission, from which the Trustee will deposit a portion to the

Reserve Account and transfer the balance to the Escrow Agent for deposit in the Escrow Fund as directed by the Commission.

Upon receipt of payment for the Bonds, the proceeds thereof shall be paid to the Trustee, along with a transfer of \$541,715.18 from the 1991 Bonds Debt Service Reserve Fund and \$122,468.70 from the 1991 Special Fund who shall set aside, pay over and deposit such proceeds as follows:

(4) Deposit in the Interest Account of the Special Fund \$14,568.29, equaling the accrued interest paid by the Purchaser of the Bonds;

(5) Deposit in the Reserve Account of the Special Fund \$480,204.17;

(6) Deposit in the Cost of Issuance Account of the Bond Proceeds Fund the amount of \$223,978.65 from which the Trustee shall wire transfer \$140,346.74 as payment of the premium upon the Policy.; and

(7) Transfer to the Escrow Agent for deposit in the Escrow Fund created pursuant to the Escrow Agreement the sum of \$5,995,897.66 for application to the defeasance of the 1991 Bonds in accordance with the 1991 Indenture.

The Trustee shall pay all Cost of Issuance upon receipt of such a requisition containing the respective amounts to be paid to the designated payees signed by the Executive Director or a financial officer of the Commission designated in writing by the Chairperson/Executive Director and delivered to the Trustee, concurrently with the delivery of the Bonds or thereafter. The Trustee shall maintain the Cost of Issuance Account for a period of 180 days from the date of delivery of the Bonds and then shall transfer any monies remaining therein to the Commission, which shall be held by the Treasurer of the Commission for the payment of any unpaid Costs of Issuance and every invoice and requisition received thereafter by the Trustee shall be submitted to the Commission for payment.

Section 3.03 [Intentionally Omitted.]

Section 3.04 Issuance of Additional Bonds.

In addition to the Bonds, the Commission may, by resolution authorizing the issuance thereof and the execution of an Additional Supplemental Indenture with respect thereto, provide for the issuance of one or more series of Additional Bonds on a parity with the 1993 Bonds and the Bonds issued pursuant to this Indenture to finance the Redevelopment Project in such principal amount as will be determined by the Commission. The Commission may deliver Additional Bonds subject to the following specific conditions which are conditions precedent to the delivery of any such Additional Bonds.

(a) The Trustee will receive prior to the delivery of Additional Bonds:

(i) Copies of the resolution authorizing the issuance thereof and the Additional Supplemental Indenture pursuant to which such Additional Bonds are authorized to be issued, each certified by an authorized officer of the Commission.

(ii) An opinion of Bond Counsel stating (1) that the resolution and Additional Supplemental Indenture pursuant to which such Additional Bonds are authorized to be issued are valid and enforceable in accordance with their terms; (2) that the resolution authorizing the issuance thereof and the Additional Supplemental Indenture pursuant to which such Additional Bonds are authorized to be issued create a valid pledge of that which they purport to pledge; and (3) that the total principal amount of Bonds to be issued and then Outstanding will not exceed any limit imposed by law;

(iii) A Written Request of the Commission stating that the Commission is not, at the time of issuance of such Additional Bonds, in default under the 1993 Indenture, this Indenture, or any Additional Supplemental Indenture directing the Trustee to deliver such Additional Bonds, as authorized, and stating the amounts to be deposited in the various applicable funds and accounts;

(iv) With respect to such Additional Bonds, a Written Request of the Commission (which the Trustee shall have no responsibility for the review or verification thereof) showing:

(a) The total Maximum Annual Debt Service with respect to the Bonds and 1993 Bonds reasonably expected to be Outstanding, including the Additional Bonds then being delivered and any other notes, bonds or other obligations issued by the Commission secured on a parity with the 1993 Bonds, the Bonds, and Additional Bonds.

(b) For the then current Fiscal Year, the Tax Revenues to be received by the Commission based upon the most recent taxable valuation of property in the Redevelopment Project furnished by the appropriate officer of the County or an Independent Financial Consultant as shown by the report of an Independent Financial Consultant.

(c) That for the then-current Fiscal Year for the Bond Year commencing in such Fiscal Year, the Tax Revenues referred to in item (b) above are at least 1.25 times the Maximum Annual Debt Service referred to in item (a) above.

(d) That upon the delivery of the proposed Additional Bonds, an amount equal to the Reserve Requirement for such Additional Bonds will be credited to the Reserve Account as partial security for such Additional Bonds.

(e) The Additional Bonds will mature on June 1, and interest thereon will be payable June 1 and December 1 of each year.

(f) That the Commission has reviewed the limitation upon the amount of taxes which may be allocated to the Commission under the Redevelopment Plan and certifies that the pledge of Tax Revenues to the payment of the Additional Bonds will not impair the ability of the Commission to pay debt service on the 1993 Bonds, the Bonds and the Additional Bonds in accordance with its covenants contained in this Indenture.

Any Additional Bonds may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, and upon payment of the principal amount thereof and accrued interest thereon plus such premium or premiums, if any, as may be determined by the Commission in the resolution or Additional Supplemental Indenture providing for the issuance thereof. Such resolution or Additional Supplemental Indenture will provide that in the event that some but less than all of the Bonds and of said Additional Bonds are to be redeemed at any one time, such Additional Bonds redeemed will be in the proportion that the principal amount of Outstanding Additional Bonds bears to the total principal amount of all the then Outstanding 1993 Bonds, the Bonds and Additional Bonds.

The Commission may issue refunding bonds with respect to the Bonds for the purpose of paying or retiring such Outstanding Bonds subject to applicable redemption provisions.

If the Commission is in compliance with all covenants set forth in the Indenture, the Commission may for any purpose issue obligations having a lien on the Tax Revenues which is subordinate to the Bonds and which are payable solely from "surplus" Tax Revenue as defined in Section 4.03(5) of this Indenture, but only if the pledge of Tax Revenues to the payment of such obligations will not impair the ability of the Commission to pay future Annual Debt Service on the 1993 Bonds, the Bonds and any Additional Bonds.

Section 3.05 Validity of Bonds.

The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Project or upon the performance by any person of his obligation with respect to the Project.

ARTICLE 4
THE TAX REVENUES; SPECIAL FUND AND ACCOUNTS; SURPLUS

Section 4.01 Pledge of Tax Revenues.

The Bonds shall be secured by a pledge, on parity with the 1993 Bonds, (which pledge shall be effected in the manner and to the extent hereinafter provided) of all of the Tax Revenues, and, as of the date hereof, by a pledge of all of the monies in the Special Fund, including the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account. The Tax Revenues deposited with the Trustee shall be allocated pro rata solely to the payment of the principal and interest, and redemption premium, if any, of the 1993 Bonds and the Bonds and to the Reserve Account for the purposes set forth in Section 4.03; except that out of the Tax Revenues may be apportioned such amounts for such other purposes as are expressly permitted by Section 4.03. The pledge and allocation of Tax Revenues deposited with the Trustee is for the exclusive benefit of the 1993 Bonds and the Bonds and shall be irrevocable until all of the 1993 Bonds and the Bonds have been paid and retired or until monies have been set aside irrevocably for that purpose.

Section 4.02 Special Fund.

There is hereby created the "La Palma Community Development Commission, La Palma Community Development Project No. 1, 2001 Tax Allocation Refunding Bonds Special Fund",

herein called "Special Fund", which shall be maintained by the Trustee as a separate account, distinct from all other funds of the Commission, and into which shall be paid on receipt thereof by the Trustee, the Tax Revenues in an amount equal to the deposits required to be made by the Trustee pursuant to Section 4.03 or, if sufficient Tax Revenues are not available to make all deposits required by Section 4.03, Tax Revenues shall be allocated pro rata between the 1993 Special Fund and the Special Fund. The Commission hereby covenants to deposit with the Trustee, on or before May 15 and November 15 of each year while the Bonds are Outstanding, Tax Revenues in an amount at least sufficient to make all deposits required to be made by the Trustee on such May 15 or November 15 pursuant to Section 4.03.

While the Bonds are Outstanding or any interest thereon is unpaid the Special Fund shall be administered and disbursements made in the manner and in the order progressively set forth in Section 4.03 hereof.

Section 4.03 Establishment and Maintenance of Accounts for Tax Revenues; Use and Withdrawal of Tax Revenues.

All Tax Revenues deposited in the Special Fund shall be transferred and set aside by the Trustee in the following respective special accounts (each of which is hereby created and each of which the Commission covenants and agrees to cause to be maintained by the Trustee) in the following order of priority:

- (1) Interest Account,
- (2) Principal Account,
- (3) Sinking Account,
- (4) Reserve Account,
- (5) Surplus Account, and
- (6) Redemption Account.

All Tax Revenues in each of said accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 4.03.

(1) Interest Account. On or before the 15th day of each May and November of each year the Bonds are Outstanding, commencing May 15, 2002, the Trustee shall transfer from the Special Fund and set aside in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Bonds issued hereunder and then Outstanding. All monies in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(2) Principal Account. On or before the 15th day of each May the Bonds are Outstanding, commencing May 15, 2002, the Trustee shall transfer from the Special Fund and set aside in the Principal Account an amount which, when added to the amount contained in the Principal Account on that date, will be equal to the principal becoming due and payable on the next succeeding June 1 on the Outstanding Serial Bonds. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due on the next succeeding June 1 upon all of the Serial Bonds issued hereunder and then Outstanding. All monies in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal on the Serial Bonds as it shall become due and payable.

(3) Sinking Account. On or before the 15th day of each May, commencing May 15, 2012 the Trustee shall transfer from the Special Fund and set aside and deposit in the Sinking Account an amount which, when added to the amount contained in the Sinking Account on that date, will be equal to the Sinking Account payment required to be on deposit therein on the next succeeding June 1. All monies in the Sinking Account shall be used solely for the redemption or purchase of the Term Bonds maturing June 1, 2021 as set forth below. The required Sinking Account payments for the Term Bonds maturing June 1, 2021 are listed in the following table:

<u>June 1</u>	<u>Principal Amount</u>	<u>June 1</u>	<u>Principal Amount</u>
2012	260,000.00	2017	350,000.00
2013	275,000.00	2018	360,000.00
2014	290,000.00	2019	495,000.00
2015	310,000.00	2020	740,000.00
2016	325,000.00	2021	815,000.00

Monies in the Sinking Account on June 1 of any year, commencing June 1, 2012, in the amounts as set forth in the foregoing table shall be used and withdrawn by the Trustee on such date and applied for the redemption prior to maturity or payment at maturity of the Term Bonds maturing on June 1, 2021, at a redemption price equal to the principal amount thereof to be redeemed, without premium.

In the event of optional redemption of the Term Bonds maturing June 1, 2021, pursuant to Section 2.03(1), Sinking Account payments payable pursuant to Section 2.03(2) as listed above shall be reduced pro rata as set forth in writing by the Commission.

Additionally, monies in the Sinking Account may be used and withdrawn by the Trustee upon the Written Request of the Commission for the purchase of any Outstanding Bonds at public or private sale as and when and at such price (including brokerage and other charges but excluding accrued interest which is payable from the Interest Account) as it may in its discretion determine, but not to exceed the principal amount of such Bonds being redeemed plus the applicable redemption premium, if any.

In the event that available Tax Revenues shall in any year be insufficient to make such Sinking Account payments then required to be made, such deficiency shall be made up from the

first available Tax Revenues in succeeding years. The failure to make such payment in full shall be deemed to be an Event of Default under this Indenture.

(4) Reserve Account. On or before the 15th day of each May and November when the Bonds are Outstanding commencing May 15, 2002, and after the deposits required pursuant to the preceding subparagraphs have been made, the Trustee shall transfer from the Special Fund and set aside in the Reserve Account an amount which, when added to the amount contained in the Reserve Account on that date, will be equal to the Reserve Requirement or such larger amount as shall be required to be maintained in the Reserve Account by any Additional Supplemental Indenture. No deposit need be made in the Reserve Account so long as there shall be on deposit therein a sum equal to at least the amount required by this subparagraph to be on deposit therein. All money in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of replenishing the Interest Account, the Principal Account or the Sinking Account in such order in the event of any deficiency at any time in any of such accounts, and as provided in Section 10.08, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money of the Commission is lawfully available therefor, or for the retirement of all the Bonds then Outstanding.

Notwithstanding the foregoing, any monies on deposit in the Reserve Account on any May 15 and November 15 in excess of the Reserve Requirement shall be withdrawn semiannually from the Reserve Account and deposited in the Special Fund for use in the same manner as are other monies in the Special Fund.

(5) Surplus Account. Provided that:

(a) an Event of Default has not occurred;

(b) all of the deposits provided for in subsections 1, 2, and 3 above to the Interest, Principal and Sinking Accounts shall be made as scheduled;

(c) the deposits provided for in subsection 4 above to the Reserve Account shall be made as necessary to maintain a balance therein equal to the Reserve Requirement;

(d) all deposits required by Section 4.03 of the 1993 Indenture into the 1993 Special Fund have been made; and

(e) the Trustee shall have received Tax Revenues in an amount sufficient, together with funds already on deposit in the Special Fund (not including amounts in the Reserve Account), to pay interest, principal and scheduled Sinking Account payments coming due in the then current Bond Year with respect to the Bonds then Outstanding, and to restore the Reserve Account to an amount equal to the Reserve Requirement, if required;

then additional Tax Revenues received in respect of such Bond Year and other amounts on deposit in the Special Fund (exclusive of the Interest Account, the Principal Account, the Sinking Account, and the Reserve Account) will be declared "Surplus" and transferred to the Surplus Account. Provided that no Event of Default under the Indenture has occurred and is continuing, such Surplus may be withdrawn at any time by the Commission upon Written Request of the Commission, and used by the Commission for any lawful purpose.

(6) Redemption Account. The Redemption Account shall be maintained by the Trustee as a separate account distinct from all other funds of the Commission to pay for the prior redemption or purchase of the Bonds.

Any funds legally available may at any time on or after June 1, 2002 at the option of the Commission, be paid to the Trustee for deposit in the Redemption Account and applied to the prior redemption of Bonds on June 1, 2002, or any date thereafter pursuant to Section 2.03(1).

The principal amount of any Term Bonds so purchased shall be credited against the Sinking Account payment due next succeeding the date of such purchase, pursuant to the foregoing tables, and shall reduce the corresponding principal amount of Bonds to be redeemed.

Additionally, monies in the Redemption Account may be used and withdrawn by the Trustee upon the Written Request of the Commission for the purchase of any Outstanding Bonds at public or private sale as and when and at such prices (including brokerage and other charges but excluding accrued interest which is payable from the Interest Account) as the Commission may in its discretion determine, but not to exceed the principal amount of such Bonds being redeemed plus the applicable redemption premium, if any.

ARTICLE 5 OTHER COVENANTS OF THE COMMISSION

Section 5.01 Punctual Payment.

The Commission will punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Additional Supplemental Indentures and of the Bonds. Nothing herein contained shall prevent the Commission from making advances of its own monies howsoever derived to any of the uses or purposes permitted by law.

Section 5.02 Extension of Time for Payment.

In order to prevent any accumulation of claims for interest after maturity, the Commission will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded whether or not with the consent of the Commission, such claim for interest so extended or funded shall not be entitled, in case of default hereunder to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.03 Against Encumbrances.

The Commission will not encumber, pledge or place any charge or lien upon any of the Tax Revenues superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Indenture.

Section 5.04 Management and Operations of Properties.

The Commission will manage and operate all properties owned by the Commission and comprising any part of the Project in a sound and businesslike manner and will keep such properties insured at all times in conformity with sound business practice.

Section 5.05 Payment of Claims.

The Commission will pay and discharge or cause to be paid and discharged any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Commission or upon the Tax Revenues or any part thereof or upon any funds in the hands of the Trustee or which might impair the security of the Bonds. Nothing herein contained shall require the Commission to make any such payment so long as the Commission in good faith shall contest the validity of said claims.

Section 5.06 Books and Accounts; Financial Statement.

The Commission will keep, or cause to be kept, proper books of record and accounts separate from all other records and accounts of the Commission and the City of La Palma in which complete and correct entries shall be made of all transactions relating to the Project and to the Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Commission will cause to be prepared and filed with the Trustee annually, within one hundred and eighty (180) days after the close of that Fiscal Year so long as any of the Bonds are Outstanding complete financial statements with respect to that Fiscal Year showing the Tax Revenues, all disbursements from the Tax Revenues and the financial condition of the Project, including the balances in all funds and accounts relating to the Project, as of the end of such Fiscal Year which statement shall be accompanied by a certificate or opinion in writing of an Independent Certified Public Accountant. The Commission will furnish a copy of such statements to any Bondowner of at least 5% in aggregate principal amount upon request. The Trustee will have no duties or obligations with respect to such financial statements other than to act as custodian thereof.

Section 5.07 Protection of Security and Rights of Bondowners.

The Commission will preserve and protect the security of the Bonds and the rights of the Bondowners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the Commission, the Bonds' validity and enforceability shall not be contested by the Commission in any judicial or administrative proceeding.

Section 5.08 Payments of Taxes and Other Charges.

Subject to the Provisions of Section 5.11 hereof, the Commission will punctually pay and discharge, or cause to be paid and discharged all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Commission or the

properties then owned by the Commission in the Project Area, or upon the revenues therefrom, when the same shall become due. Nothing herein contained shall require the Commission to make any such payment so long as the Commission in good faith shall contest the validity of said taxes, assessments or charges. The Commission will duly observe and conform with all valid requirements of any governmental authority relative to the Project or any part thereof.

Section 5.09 Compliance with Law, Completion of Project.

The Commission will comply with all applicable provisions of the Law in completing the Project including, without limitation, duly noticing and holding any public hearing required by either Section 33445 or 33679 of the Law prior to application of proceeds of the Bonds to any portion of the Project subject to either Section 33445 or 33679. In addition, the Commission will comply in a timely manner with the public hearing and further requirements of Section 33334.6. The Commission will commence, and will continue to completion, with all practicable dispatch, the Project and the Project will be accomplished and completed in a sound and economical manner and in conformity with the Redevelopment Plan and the Law.

Section 5.10 Amendment of Redevelopment Plan and Disposition of Property.

(1) The Commission will not authorize the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property planned for such ownership or use by the Redevelopment Plan in effect on the date of this Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area unless the Redevelopment Plan is amended as hereinafter provided in this Section 5.10. If the Commission proposes to make such a disposition, it shall propose an amendment to such Redevelopment Plan which expressly provides for the disposition of such real property with such an effect and shall give written notice thereof to the Trustee. The Commission shall thereupon appoint a reputable Independent Financial Consultant and direct said consultant to report on the effect of said proposed disposition, a copy of which Report shall be provided to the Trustee. If the Report of the Independent Financial Consultant concludes that the security of the Bonds or the rights of the affected Bondowners will not be materially impaired by said proposed disposition and that Tax Increment Revenues allocated to the Commission will not be significantly diminished by the proposed disposition, the Commission may thereafter adopt the amendment (pursuant to all applicable provisions of the Law) and make the disposition. If said Report concludes that Tax Increment Revenues allocated to the Commission will be significantly diminished or that such security will be materially impaired by said proposed disposition, the Commission shall not adopt the amendment. The Commission shall have the sole and exclusive authority to appoint said consultant.

(2) In the event subsection (1) hereof does not apply, the Commission shall not dispose of any property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property planned for such ownership or use by the Redevelopment Plan in effect on the date of this Indenture), without imposing the following requirements on such new owner or owners:

(a) Said new owner or owners shall pay to the Treasurer, so long as any of the Bonds are Outstanding, an amount equal to the amount that would have been received by the Treasurer as Tax Increment Revenues allocated to the Commission if the property were assessed and taxed in the same manner as privately owned nonexempt property; and

(b) Such payment shall be made to the Treasurer within thirty (30) days after taxes for each year would become payable to the taxing agencies for nonexempt property and in any event prior to the delinquency date of such taxes established by law.

All such payments in lieu of taxes to the Treasurer shall be treated as Tax Revenues allocated to the Commission and shall be deposited by the Trustee in the Special Fund to the extent required by Section 4.03.

Section 5.11 Single Sum Payments in Lieu of Taxes.

As an alternative to payment to the Treasurer pursuant to subsection (2)(b) of Section 5.10, the new owner or owners of property becoming exempt from taxation provided for in Section 5.10 may elect to make payment to the Commission in a single sum equal to the amount estimated by the Independent Financial Consultant to be receivable from taxes on said property from the date of said payment to the maturity date of the Bonds, less a reasonable discount value. All such single sum payments in lieu of taxes shall be treated as Tax Revenues allocated to the Commission and shall be deposited by the Trustee in the Special Fund to the extent required by Section 4.03.

Section 5.12 Tax Revenues.

The Commission shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County, and shall forward information copies of each such filing to the Trustee. The Trustee shall have no duties with respect to such statements other than to act as custodian thereof. The Commission will not amend the Plan or reduce the Project Area in any manner which will impair the availability of Tax Revenues to pay Annual Debt Service.

Section 5.13 Eminent Domain.

The net proceeds received by the Commission from any eminent domain proceeding may be, but shall not be required to be deposited by the Commission in the Special Fund; provided that the net proceeds received by the Commission from the taking of any property in the Project Area the redevelopment of which was financed by the Commission through the issuance of revenue obligations shall be deposited, used and applied in the manner provided by the resolution or indenture authorizing the issuance of such lease revenue obligations.

Section 5.14 Further Assurances.

The Commission will adopt make, execute and deliver any and all such further resolutions instruments and assurances as may be reasonably necessary or proper to carry out the

intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

Section 5.15 Taxation of Leased Property.

Whenever any property in the Redevelopment Project has been redeveloped and thereafter is leased by the Commission to any person or persons (other than the City of La Palma or the County or any other public agency) or whenever the Commission leases real property in the Redevelopment Project to any person or persons for redevelopment the property shall be assessed and taxed in the same manner as privately owned property (in accordance with Section 33673 of the Health and Safety Code of the State) and the lease or contract shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his or its leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease or contract shall be less than the taxes which would have been payable upon the assessed value of the entire property if the property were assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Commission within thirty (30) days after the taxes for such year become payable to the taxing agencies and in any event prior to the delinquency date of such taxes established by law. All such payments to the Commission shall be promptly delivered to the Trustee and shall be deposited by the Trustee in the Special Fund to the extent required by Section 4.03.

Section 5.16 Non-Arbitrage Bonds.

The Commission covenants it will make no use of the proceeds of the Bonds which will cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code. To that end, so long as any of the Bonds are Outstanding, the Commission with respect to the proceeds of the Bonds, shall comply with all requirements of said Section 148 and all regulations of the United States Department of the Treasury issued thereunder, including specifically the requirement that any arbitrage subject to rebate be paid from time to time to the United States Treasury to the extent that such requirements are, at the time, applicable and in effect.

Section 5.17 Private Activity Bonds.

The Commission covenants that as to the portion of the proceeds of the Bonds which are not used for refunding purposes, it will make no use of such proceeds of the Bonds as will cause such Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Code. To this end; (i) no amount in excess of five percent (5%) of such proceeds of the Bonds shall be used directly or indirectly to make loans to persons other than governmental units and (ii) no amount in excess of ten percent (10%) of the amount of interest and principal payable on the portion of the Bonds allocable to such proceeds shall be directly or indirectly payable from sources other than Tax Revenues and no amount in excess of ten percent (10%) of such proceeds of the Bonds shall be used for any private business use, provided, however, that under no circumstances shall an amount in excess of five percent (5%) of such proceeds be used for a private business use which is not related to the governmental use of such proceeds, unless in any of said cases the Commission first obtains an opinion of Bond Counsel to the effect that such

action will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bonds.

Section 5.18 Compliance with the Code.

The Commission covenants to take any or all action and to refrain from taking any action which is necessary in order to comply with the Code or any technical corrections thereto having the same effective date as the Code and the Letter of Instructions in order to maintain the exclusion from gross income for purposes of federal income taxation pursuant to Section 103 of the Code of the interest on the Bonds paid by the Commission and received by the Bondowners.

Section 5.19 Federal Guarantee Prohibition.

The Commission shall take no action nor permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 5.20 Amendment of Payment Schedule.

The Commission shall, upon direction of Bond Counsel, increase, but not decrease, the transfers from the Special Fund to the Sinking Accounts so that all amounts required to be transferred to the Sinking Accounts to redeem Term Bonds maturing June 1, 2021 will be transferred by the last day on which the Commission can lawfully collect Tax Increment Revenues.

Section 5.21 Continuing Disclosure.

The Commission hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the Agency to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking a mandate or specific performance by court order.

Section 5.22 Annual Review of Tax Revenues.

The Commission shall annually review the total amount of Tax Revenues remaining available to be received by the Commission under the Redevelopment Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service. The Commission shall not accept Tax Revenues greater than Annual Debt Service, in any year, if such acceptance will cause the amount remaining under the tax increment limit to fall below remaining cumulative Annual Debt Service, except for the purpose of depositing such revenues in escrow for the payment of interest on and principal of and redemption premiums, if any, on the Bonds and the 1993 Bonds.

Section 5.23 Financial Consultant and Reports.

(a) *Consultant.* Any Independent Financial Consultant engaged by the Commission pursuant to Section 5.10 of the Indenture authorizing the Bonds must be acceptable to ACA. Any release of “surplus” Tax Revenues at the end of each Bond Year shall also be subject to delivery of a certificate by an authorized official of the Commission establishing that the amount of Tax Revenues remaining to be collected under the Commission’s \$100,000,000 tax increment authorization is sufficient to pay all remaining debt service.

(b) *Assessed Valuation.* Not later than fifteen (15) days following receipt by the Commission for each tax year, a copy of the assessed valuations and/or assessment rolls for the Project Area will be provided to ACA.

(c) *Annual Budget.* Not less than thirty (30) days prior to the beginning of each fiscal year, copies of the preliminary annual budget for each of the Commission and the City for such fiscal year and copies of the final budgets immediately following approval will be provided to ACA.

(d) *Assessment Appeals.* Not later than fifteen (15) days following the final adjudication of same, notice of any successful assessments appeals resulting in a reduction of two percent (2%) or more of the total assessed valuation based on the most recent assessment rolls for the Project Area will be provided to ACA.

Section 5.24 Additional Debt.

The Commission may not incur any Additional Bonds without the prior written consent of ACA, unless the Commission presents a certificate demonstrating that the then current year's Tax Revenues will equal at least 1.25 times Maximum Annual Debt Service on the Bonds, the Parity Bonds and the proposed Additional Bonds. The principal and interest payment dates for any Additional Bonds must be the same as for the Bonds and any Parity Bonds.

Section 5.25 Mergers.

The Commission may not merge or consolidate with, sell all or substantially all of its assets to, or acquire all or substantially all of the assets of, any other entity (a “Merger”), unless the surviving entity (if not the Commission) assumes all of the Commission’s Bond obligations and ACA consents in writing to the Merger which consent shall not be unreasonably withheld.

Section 5.26 Negative Pledge.

The Commission may not create or allow to exist any liens on any Tax Revenues senior to or on a parity with the Bonds and any Parity Bonds except as provided in the trust indenture or as otherwise approved by ACA.

Section 5.27 Change in Project Area.

The Commission shall not change the boundaries or otherwise modify the Project Area without ACA’s prior consent, which consent shall not be unreasonably withheld provided that

the change in boundaries or other modifications does not diminish the debt service coverage with respect to the Bonds. Any such consent by ACA shall be delivered at no cost to the Commission.

ARTICLE 6 THE TRUSTEE

Section 6.01 Appointment of Trustee.

U.S. Bank Trust National Association, at its corporate trust office in Los Angeles, California, is hereby appointed Trustee for the Commission to act as the depository of the Commission for the purpose of receiving all monies required to be paid to the Trustee hereunder to allocate, use and apply the same, to hold, receive and disburse the Tax Revenues and other funds pledged or held hereunder, and otherwise to hold all the offices and perform all the functions and duties provided in this Indenture to be held and performed by the Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture and by executing and delivering such acceptance, the Trustee shall be deemed to have accepted such duties and obligations, but only upon the terms and conditions set forth in this Indenture.

The Commission may remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business and having an office in the State, having a combined capital (exclusive of borrowed capital) and surplus of at least Seventy-Five Million Dollars (\$75,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Commission and to the Bondowners by first class mail. Upon receiving notice of such resignation the Commission shall promptly appoint a successor Trustee by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee.

If the Commission does not appoint a successor Trustee within sixty (60) days following the giving of any notice of removal or receipt of any notice of resignation, the removed or resigning Trustee or any Bondowner on behalf of himself and all other Bondowners may petition any appropriate court having jurisdiction to appoint a successor Trustee.

Section 6.02 Compensation and Indemnity.

The Commission agrees to pay the Trustee for its services (this payment shall not be limited by any provision of law affecting the compensation of a Trustee). Further the Commission shall pay or reimburse the Trustee upon its request for all reasonable expenses of the Trustee, including the reasonable compensation and the expenses of its counsel. The Commission agrees to indemnify and hold harmless the Trustee against all claims demands,

losses, damages, liabilities or expenses (including but not limited to reasonable attorneys' fees) relating to (i) the Trustee exercising its rights or performing its duties under this Indenture, (ii) the Trustee being appointed and serving as such under this Indenture, or (iii) otherwise relating to this Indenture or the Bonds, except to the extent resulting from the Trustee's own negligence or willful misconduct. The Trustee is not accountable for the use by the Commission of funds which the Trustee releases to the Commission or which the Commission otherwise receives, or for the adequacy or validity of any collateral or security interest securing this Indenture or the Bonds. The Trustee has no obligation to incur individual financial or other liability or risk in performing any duty or in exercising any right. The Trustee, in its individual or other capacity, may become the owner or pledgee of the Bonds with the same rights it would have if it were not the Trustee.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder until it has actual knowledge that an Event of Default as such exists or has received written notice that an Event of Default as such exists, at its corporate trust office in Los Angeles, California. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms conditions, covenants or agreements herein or in any of the documents executed in connection with the Bonds.

All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees, and agents of the Trustee.

Section 6.03 Liability of Agents.

The recitals of facts covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the Commission and the Trustee assumes no responsibility for the correctness of the same nor makes any representations as to the validity or sufficiency of this Indenture or of the Bonds, nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

Section 6.04 Merger of Trustee.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a part or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 6.01, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 6.05 Survival of Rights.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

Section 6.06 Notice to Agents.

The Trustee shall be protected in acting upon any notice, resolution, request, consent order certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Trustee may consult with counsel, who may be counsel to the Commission, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established if disputed.

Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee be deemed to be conclusively proved and established by a certificate of the Commission and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture or any Additional Supplemental Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

Before taking any action under Article VIII hereof the Trustee may require indemnity satisfactory to the Trustee be furnished from any expenses and to protect it against any liability it may incur hereunder.

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided herein) in aggregate principal amount of Bonds outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

Section 6.07 Deposit and Investment of Monies in Funds or Accounts.

All money held by the Trustee in any of the funds or accounts established pursuant to this Indenture shall be invested and reinvested in Permitted Investments as directed in writing by the Commission. The investments held by the Trustee shall be valued by the Trustee not less than quarterly, at the market value thereof. In making any valuations, the Trustee may utilize and rely

upon securities pricing services that may be available to it, including those available through its regular accounting system. Investments of money in the Special Fund (including money in the Interest Account, the Principal Account, or the Sinking Account) must mature no later than the date at which such money is estimated to be required to be paid out hereunder. Investments of money in the Redevelopment Fund must mature not later than the date on which such money is estimated to be required to be paid out hereunder. Monies in the Reserve Account shall be invested in Permitted Investments which will by their terms mature within such time as may be recommended by an Independent Financial Consultant. All Investment Earnings on money in the Special Fund and the accounts therein shall be retained in the Special Fund and such accounts shall be applied in the same manner as other monies therein, except as may be required by Section 6.09. Monies or sums held by the Trustee in any account or subaccount established pursuant to the terms of this Indenture may be employed by the Trustee to purchase Permitted Investments as directed, in writing, by the Chairman or an authorized representative of the Commission. To the extent that direction is not received by the Trustee with respect to monies or sums then available for investment, the Trustee shall invest such monies or sums in Permitted Investments described in clause (5) thereof. If investments cannot be obtained at a rate below the Yield on the Bonds, such monies or sums shall be invested in tax exempt municipal obligations constituting Permitted Investments solely as directed by the Commission.

The Commission acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Commission the right to receive brokerage confirmations of security transactions as they occur, the Commission specifically will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Commission periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Section 6.08 Accounting Records and Financial Statements.

The Trustee shall at all times keep, or cause to be kept, proper books of record and account prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Bonds, the Tax Revenues and all funds and accounts established by it pursuant to this Indenture. Such books of record and account shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each Permitted Investment (a) its purchase price, (b) identifying information, including par amount, coupon rate and payment dates, (c) the amount received at maturity or its sale price, as the case may be, (d) the amounts and dates of any payments made with respect thereto and (e) such documentation as is required to be obtained by the Trustee as evidence to establish that the following requirements have been met:

(a) Certificate of Deposit. With respect to the purchase or sale of a certificate of deposit issued by a commercial bank, the price at which it is purchased or sold, as the case may be, shall be the bona fide bid price quoted by a dealer who maintains an active secondary market in such certificates of deposit. If there is no active secondary market in such certificates of deposit, the purchase or sale price of a certificate of deposit must produce a yield thereon (1) as high or higher than the yield on comparable obligations traded on an active secondary market, as certified by a dealer who maintains such a market, and (2) as high or higher than the yield available on comparable obligations offered by the U. S. Treasury Department. The certification described in the preceding sentence must be executed by a dealer who maintains an active secondary market in comparable certificates of deposit and must be based on actual trades adjusted to reflect the size and term of that certificate of deposit and the stability and reputation of an entity issuing the certificate of deposit.

(b) Investment Contracts. With respect to investment contracts (e.g., any agreement to deposit proceeds of the Bonds with a particular bank, with the deposits to bear interest at an agreed rate) the Commission must obtain (1) at least 3 bids on the investment contract from persons other than those with an interest in the issue e.g., underwriters), (2) a certification by the person whose bid is accepted stating that, based on that person's expectations on the date that the contract is entered into, Permitted Investments will not be purchased pursuant to the investment contract at a price in excess of their fair market value or sold pursuant to the investment contract at a price less than their fair market value, (3) evidence that the yield on the investment contract is at least equal to the yield offered under the highest bid received from non-interested parties, and (4) evidence that the yield on the investment contract is at least equal to the yield offered on similar obligations under similar investment contracts (e.g., the yield on investment contracts entered into by issuers of qualified mortgage bonds).

(c) Other Investments That Are Traded in Established Markets. With respect to Permitted Investments other than those described in (a) or (b) above, which are traded in an established market, the purchase or disposition price thereof shall be that price achieved in an arm's-length transaction between the purchaser and the seller. Any evidence of such price shall be retained. For United States Treasury obligations purchased directly from the Treasury, however, proof of the price paid therefor shall be sufficient evidence.

(d) With respect to any determinations required to be made pursuant to (a), (b) or (c) above, the Trustee may request and the Commission shall provide such determination, upon which determination the Trustee may conclusively rely.

Such books of record and account shall be available for inspection by the Commission and any Bondowner, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

The Trustee shall file and furnish to the Commission within thirty days after the end of each month, a statement (which need not be audited) covering receipts, disbursements, allocation and application of Tax Revenues and any other monies (including proceeds of Bonds) in any of the funds and accounts established pursuant to this Indenture for such month.

Section 6.09 Rebate Fund.

(a) The Trustee shall establish a special fund designated as the "Rebate Fund." The Rebate Fund shall not be subject to the lien of this Indenture. The Trustee shall establish and maintain within the Rebate Fund an "Excess Earnings Account" and an "Investment Account." The Trustee shall establish and maintain any such subaccounts within the Excess Earnings Account and Investment Account as may be requested by the Commission.

(b) Notwithstanding anything contained in this Indenture to the contrary, there shall be deposited in the Excess Earnings Account of the Rebate Fund all Excess Investment Earnings determined from time to time pursuant to the Letter of Instructions in accordance with written instructions of the Commission and all amounts deposited by the Commission with written instructions to deposit such monies into the Rebate Fund. All income or other gain from the investment of monies in the Rebate Fund shall be deposited in the Investment Account of the Rebate Fund.

Within thirty (30) days following the last day of each Bond Year, the Commission shall calculate, and shall provide written notice to the Trustee of the Excess Investment Earnings. The Trustee may rely conclusively upon the Commission's determination, calculation, directions and certifications required by this Section 6.09. The Trustee shall have no responsibility to independently make any calculations or determinations or to review the Commission's calculations hereunder.

(c) The Trustee, in accordance with written instructions of the Commission, shall apply the funds on deposit in the Rebate Fund on behalf of the Commission, to the extent required to make payments to the United States of America in respect of the Bonds, at the times and in the manner required by the written instructions of the Commission.

(d) In the event that the written notice to the Trustee referenced in subsection (a) of this Section indicates that there are Excess Investment Earnings, then the Commission agrees to promptly remit to the Trustee an amount sufficient to assure that the amount then on deposit in the Rebate Fund is equal to the cumulative Excess Investment Earnings as of the end of the Bond Year to which such notice pertains. The Trustee shall immediately deposit in the Excess Earnings Account of the Rebate Fund all such amounts so received and identified as such by the Commission.

(e) The Trustee agrees, on behalf of the Commission, to keep and maintain all records required to be maintained by it pursuant to, and as and to the extent required by, the Code as instructed by the Commission. This covenant shall survive the defeasance of this Indenture; provided, however, that upon repayment in full of the Bonds hereunder, the Trustee may provide all such records held by it to the Commission and have no further obligation under this Section.

(f) The Commission agrees to deposit with the Trustee for deposit to the Rebate Fund any payments required hereunder to be made to the Rebate Fund.

Section 6.10 Exception to Arbitrage Rebate.

If in the opinion of Bond Counsel addressed to the Commission and Trustee the Bonds qualify under Section 148(f)(4)(C) for the exception to the arbitrage rebate requirement of Section 148(f) of the Code, then the arbitrage rebate requirement of Section 6.09 shall have no application to any Excess Investment Earnings derived from the investment of the Gross Proceeds of the Bonds.

ARTICLE 7
MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 7.01 Amendments Permitted.

This Indenture and the rights and obligations of the Commission and of the Owners of the Bonds may be modified or amended at any time by an Additional Supplemental Indenture and pursuant to the affirmative majority vote at a meeting of Bondowners or with the written consent without a meeting of the Owners of sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.04. No such modification or amendment shall (1) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Commission to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein without the express consent of the Owner of such Bond, or (2) permit the creation by the Commission of any pledge or lien upon the Tax Revenues superior to, or on a parity with, the pledge and lien created for the benefit of the 1993 Bonds, the Bonds, and any Additional Bonds (except as otherwise permitted in this Indenture), or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

This Indenture and the rights and obligations of the Commission and of the Owners of the Bonds may also be modified or amended at any time by an Additional Supplemental Indenture, without the consent of any Bondowners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Commission in this Indenture, other covenants and agreements thereafter to be observed or to limit or surrender any right or power herein reserved to or conferred upon the Commission;

(b) to make modifications to assure the continued exclusion from gross income for purposes of Federal income taxation of interest on the Bonds or to make modifications not materially adversely affecting any Outstanding Bonds of the Commission;

(c) with written consent of the Trustee to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the Commission and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the rights of the Owners of the Bonds; and

(d) to authorize the issuance of Additional Bonds in accordance with Section 3.04 of this Indenture.

Section 7.02 Bondowners' Meetings.

The Commission may at any time call a meeting of the Bondowners. In such event, the Commission shall determine the time, date and place of said meeting. The Trustee shall provide for the giving of notice. The date of mailing such notice shall be determined by the Commission in its discretion; provided, that such notice shall be mailed at least 15 days prior to the date of the Bondowners' meeting. The Commission shall fix and adopt rules and regulations for the conduct of said meeting.

Section 7.03 Procedure for Amendment with Written Consent of Bondowners.

The Commission may at any time adopt an Additional Supplemental Indenture amending the provisions of the Bonds or of the 1993 Indenture or this Indenture or any Additional Supplemental Indenture, to the extent that such amendment is permitted by Section 7.01, to take effect when and as provided in this section. A copy of such Additional Supplemental Indenture, together with a request to Bondowners for their consent thereto, shall be mailed by the Commission to each registered owner of Bonds Outstanding, but failure to mail copies of such Additional Supplemental Indenture and request shall not affect the validity of the Additional Supplemental Indenture when assented to as in this Section provided.

Such Additional Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 7.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Additional Supplemental Indenture, the Commission shall mail a notice to the Bondowners in the manner hereinbefore provided in this section for the mailing of the Additional Supplemental Indenture, stating in substance that the Additional Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this section (but failure to mail copies of said notice shall not affect the validity of the Additional Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record consisting of the papers required by this Section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Additional Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Additional Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this article) upon the

Commission and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

The Trustee may obtain an opinion of counsel that any such Additional Supplemental Indenture entered into by the Commission and the Trustee complies with the provisions of this section and the Trustee may conclusively rely on such opinion.

Section 7.04 Disqualified Bonds.

Bonds owned or held for the account of the Commission or the City of La Palma, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VII.

Section 7.05 Effect of Additional Supplemental Indenture.

From and after the time any Additional Supplemental Indenture becomes effective pursuant to this Article VII, the 1993 Indenture and this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights duties and obligations under this Indenture of the Commission and all Owners of Bonds Outstanding shall thereafter be determined exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Additional Supplemental Indenture shall be deemed to be part of the terms and conditions of the 1993 Indenture and this Indenture for any and all purposes.

The Commission may adopt appropriate regulations to require each Bondowner before his consent provided for in this Article VII shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in Section 7.04.

Section 7.06 Endorsement or Replacement of Bonds Issued After Amendments.

The Commission may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VII shall bear a notation, by endorsement or otherwise, in form approved by the Commission, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the office of the Trustee or at such other office as the Commission may select and designate for that purpose, a suitable notation shall be made on such Bond. The Commission may determine that new Bonds, so modified as in the opinion of the Commission is necessary to conform to such Bondowner's action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the office of the Trustee in St. Paul, Minnesota, without cost to any Bondowner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 7.07 Amendatory Endorsement of Bonds.

The provisions of this Article VII shall not prevent any Bondowner from accepting any amendment as to the particular Bonds held by him provided that due notation thereof is made on such Bonds.

ARTICLE 8
EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 8.01 Events of Default and Acceleration of Maturities.

If one or more of the following events ("Events of Default") shall happen, that is to say:

- (1) if default shall be made in the due and punctual payment of the principal of and redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed by declaration or otherwise;
- (2) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;
- (3) if any other default shall be made by the Commission in the observance of any of the covenants, agreements or conditions on its part in this Indenture or with respect to the Bonds or any other resolution or Additional Supplemental Indenture authorizing the issuance of Additional Bonds, and such default shall have continued for a period of thirty (30) days after written notice to the Commission;
- (4) if the Commission shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable laws of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Commission or of the whole or any substantial part of its property; or
- (5) the Commission shall fail to make any mandatory sinking fund payment in a timely manner;

then, in each and every case during the continuance of an Event of Default as described in (1), (2), (4) or (5), the Trustee shall declare the principal of all of the Bonds then Outstanding; and the interest accrued thereon, to be due and payable immediately. In each and every case during the continuance of an Event of Default as described in (3), and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon written request of the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds at the time Outstanding shall, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately. Upon any such declaration the principal of all Bonds then Outstanding, and the interest accrued thereon, shall become and shall

be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the monies due shall have been obtained or entered the Commission shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of twelve percent (12%) per annum on such overdue installments of principal, and, to the extent such payment of interest is lawful at the time, on such overdue installments of interest, so that the Commission is then currently in compliance with all payments, deposit and transfer provisions of this Indenture, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor then, and in every such case, the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding by written notice to the Commission and to the Trustee may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 8.02 Application of Funds Upon Acceleration.

All of the Tax Revenues and all sums in the funds and accounts provided for in Sections 4.02 and 4.03, upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the order following upon presentation of the several Bonds and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the costs and expenses of the Trustee and, thereafter, of the Bondowners in declaring such Event of Default including reasonable compensation to its or their agents, attorneys and counsel and to the payment of the fees, costs and expenses of the Trustee (including but not limited to reasonable compensation to its agents, attorneys and counsel for their respective fees and expenses) incurred in performing or exercising its rights, powers and duties under this Indenture;

Second, in case the principal of the Bonds shall not have become due and payable, to the payment of the interest in default in the order of the maturity of the installments of such interest with interest on the overdue installments at the rate of twelve percent (12%) per annum (to the extent that such interest on overdue installments shall have been collected) such payments to be made ratably to the persons entitled thereto without discrimination or preference;

Third, in case the principal of the Bonds shall have become and shall be then due and payable, all such sums shall be applied to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue

principal and installments of interest at the rate of twelve percent (12%) per annum (to the extent that such interest on overdue installments of interest shall have been collected), and in case such monies shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal or of any installment of interest over any other installment of interest or of any payment of principal over any other payment of principal, ratably to the aggregate of such principal and interest.

Section 8.03 Other Remedies of Bondowners.

Any Bondowner shall have the right for the equal benefit and protection of all Bondowners similarly situated:

(1) by mandamus, suit, action or proceeding, to compel the Commission and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Commission and the fulfillment of all duties imposed upon it by the Law;

(2) by suit, action or proceeding in equity to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners, rights; or

(3) upon the happening of any Event of Default (as defined in Section 8.01), by suit, action or proceeding in any court of competent jurisdiction to require the Commission and its members and employees to account as if it and they were the trustees of an express trust.

Section 8.04 Non-Waiver.

Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Commission, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right of action which is also absolute and unconditional of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Bondowners by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy be abandoned or determined adversely to the Bondowners, the Commission and the Bondowners shall be restored to their former positions rights and remedies as if such suit action or proceeding had not been brought or taken.

Section 8.05 Actions by Trustee as Attorney-in-Fact.

Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective owners and registered Owners of the Bonds issued hereunder shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective registered Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective registered Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; provided, however, the Trustee shall have no obligation to enforce any right or remedy hereunder unless it is indemnified to its satisfaction from and against any liability or expense (including attorneys fees).

Section 8.06 Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or the Owners of Bonds is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE 9
MISCELLANEOUS

Section 9.01 Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Commission, the Trustee, ACA, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Commission shall be for the sole and exclusive benefit of the Owners of the Bonds ACA and the Trustee.

Section 9.02 Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Additional Supplemental Indenture either the Commission or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof and all the covenants and agreements in this Indenture contained by or on behalf of the Commission or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03 Complete or Partial Defeasance of Bonds.

If the Commission shall pay and discharge the entire indebtedness on all Bonds Outstanding, or any portion thereof, in any one or more of the following ways:

- (1) by well and truly paying or causing to be paid the principal of and interest on all or any portion of Bonds Outstanding, as and when the same become due and payable;

(2) by depositing with the Trustee, in trust, at or before maturity money which, together with the amounts then on deposit in the funds and accounts provided for in Sections 3.03 and 4.03 is fully sufficient to pay all or any portion of Bonds Outstanding, including all principal, interest and redemption premiums or;

(3) by depositing with the Trustee, in trust, Federal Securities or general obligation bonds of the State in such amount as an Independent Financial Consultant shall certify to the Trustee, based upon a certificate of a certified public accountant, will together with the interest to accrue thereon and monies then on deposit in the funds and accounts provided for in Section 4.03, be fully sufficient to pay and discharge the indebtedness on all or any portion of Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in this Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then at the election of the Commission, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture relating to the defeased Bonds and all other obligations of the Commission under this Indenture relating to the defeased Bonds with respect to all Bonds Outstanding shall cease and terminate, except only the obligation of the Commission to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, and thereafter Tax Revenues shall not be payable to the Trustee. Notice of such election shall be filed with the Trustee.

Any funds thereafter held by the Trustee, including any funds which have not been claimed by the person entitled thereto within two years of the date upon which such funds were scheduled to be paid, or which are not required for said purpose, shall be paid over to the Commission.

Section 9.04 Execution of Documents and Proof of Ownership by Bondowners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Bondowners may be in one or more instruments of similar tenor and shall be executed by Bondowners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Bondowner or his attorney of such request, declaration or other instrument or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Commission or the Trustee in good faith and in accordance therewith.

Section 9.05 Waiver of Personal Liability.

No member, officer, agent or employee of the Commission shall be individually or personally liable for the payment of the principal of or interest on the Bonds to Bondowners and the payment of damages to Trustee related to the failure of the Commission to pay principal of or interest on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law provided that such duty can be enforced through traditional non-monetary equitable remedies.

Section 9.06 Destruction of Canceled Bonds.

Whenever in this Indenture provision is made for the surrender to the Commission of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, when cancellation is permitted by law a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Commission shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.07 Notices and Demands.

Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee to or on the Commission may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Commission with the Trustee) as follows: Community Development Commission of the City of La Palma, City Hall, 7822 Walker Street, La Palma, California 90623, Attention: Executive Director; or to the Trustee at 550 South Hope Street, Suite 500, Los Angeles, CA 90071; or to ACA at 140 Broadway, 47th Floor, New York, NY 10005.

Section 9.08 Partial Invalidity.

If any section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal or unenforceable such holding shall not affect the validity of the remaining portions of this Indenture. The Commission hereby declares that it would have adopted this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer of the Commission in trust for the benefit of the Bondowners. The Commission covenants for the direct benefit of the Bondowners that its Treasurer in such case shall be vested with all of the rights and powers of the Trustee hereunder and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder in trust for the benefit of the Bonds.

Section 9.09 Effective Date of Indenture.

This Indenture shall take effect from and after the date of its execution.

Section 9.10 Governing Law.

This Indenture shall be governed by and construed in accordance with the internal laws of the State of California.

ARTICLE 10
GENERAL PROVISIONS RELATING TO ACA

Section 10.01 Notice and Other Information to be given to ACA.

(1) Any notice that is required to be given to Bondholders, nationally recognized municipal securities information repositories or state information depositories pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission or to the Trustee (or paying agent) pursuant to the Financing Documents shall also be provided to ACA. All notices required to be given to ACA shall be in writing and shall be sent by registered or certified mail addressed to ACA Financial Guaranty Corporation, 140 Broadway, 47th Floor, New York, New York 10005, Attn: General Counsel.

(2) Within one hundred eighty (180) days of the end of each fiscal year copies of the audited financial statements of the Commission and the City shall be sent to ACA Financial Guaranty Corporation, 140 Broadway, 47th Floor, New York, New York 10005, Attn: Surveillance.

(3) ACA shall have the right to receive such additional information as it may reasonably request.

(4) The Commission will permit ACA to discuss the affairs, finances and accounts of the Commission or any information ACA may reasonably request regarding the security for the Bonds with appropriate officers of the Commission, and will grant ACA access to the facilities, books and records of the Commission on any business day upon reasonable prior notice.

(5) ACA shall have the right to direct an accounting at the Commission's expense and the Commission's failure to comply with such direction within thirty (30) days after written notice of the direction from ACA shall be deemed a default hereunder.

Section 10.02 Defeasance.

Notwithstanding anything contained herein, in the event that the principal and/or interest due on the Bonds shall be paid by ACA pursuant to the Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Commission, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Commission to the registered owners shall continue to exist and shall run to the benefit of ACA, and ACA shall be subrogated to the rights of such registered owners

including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Bonds.

Defeasance of the Bonds shall be subject to the following:

(1) Opinion of Bond Counsel that refunding and defeasance will not adversely impact the exclusion from gross income for federal income tax purposes of interest on the Bonds or refunded Bonds.

(2) Opinion of Bond Counsel that (A) the escrow deposit will not constitute a voidable preference or transfer under the Federal Bankruptcy Code or any other similar state or federal statute in the event the Commission becomes a debtor within the meaning of the Federal Bankruptcy Code or comes within the protection of such similar state or federal statute ("Insolvency Event"), and (B) in such Insolvency Event, the escrow deposit will not be treated as part of the estate of the Commission.

(3) An escrow agreement which provides that:

(a) Any substitution of securities shall require a CPA verification and the prior written consent of ACA.

(b) The Commission will not exercise any optional redemption of Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition of any such redemption there shall be provided to ACA a CPA verification as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following such redemption.

(c) The Commission shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of ACA.

Section 10.03 Trustee.

(1) So long as ACA is not in default of its obligations pursuant to the Policy, the Trustee may be removed at any time at the request of ACA.

(2) ACA shall receive prior written notice of any name change of the Trustee (or paying agent) or the registration or removal of the Trustee (or paying agent).

(3) No removal, resignation or termination of the Trustee (or paying agent) shall take effect until a successor, acceptable to ACA, shall be appointed.

Section 10.04 Amendments and Supplements.

With respect to amendments or supplements to the Financing Documents which do not require the consent of the Bondholders, ACA must be given notice of any such amendments or

supplements. With respect to amendments or supplements to the Financing Documents which require the consent of the Bondholders, ACA's prior written consent is required. All Financing Documents must contain a provision that requires copies of any amendments or supplements to such documents which are consented to by ACA shall be sent to the rating agencies which have assigned a rating to the Bonds. Notwithstanding any other provision of this Financing Document, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Financing Document, the Trustee shall consider the effect on the Bondholders as if there were no Policy.

Section 10.05 ACA As Third Party Beneficiary.

To the extent that the Financing Documents confer upon or give or grant to ACA any right, remedy or claim under or by reason of the Financing Documents, ACA is explicitly recognized as being a third party beneficiary thereunder and may enforce any such right, remedy or claim conferred, given or granted thereunder.

Section 10.06 Section 10.06 Consent Rights of ACA.

(1) Consent of ACA. Any provision of this Indenture expressly recognizing or granting rights in or to ACA may not be amended in any manner which affects the rights of ACA hereunder without the prior written consent of ACA.

(2) Consent of ACA in Addition to Bondholder Consent. Wherever this Indenture requires the consent of Bondholders, ACA's consent shall also be required.

(3) Consent of ACA in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Commission must be acceptable to ACA. In the event of any reorganization or liquidation, ACA shall have the right to vote on behalf of all Bondholders who hold ACA-insured Bonds absent a default by ACA under the Policy.

(4) Consent of ACA Upon Default. So long as ACA is not in default of its obligations pursuant to the Policy and anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, ACA shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under this Indenture, including, without limitation: (i) the right to accelerate the principal of the Bonds as described in this Indenture, and (ii) the right to annul any declaration of acceleration, and ACA shall be entitled to approve all waivers of events of default.

(5) Acceleration Rights. Upon the occurrence of an Event of Default, the Trustee shall, at the direction of ACA so long as ACA is not in default of its obligations pursuant to the Policy, or at the direction of 60% of the Bondholders with the consent of ACA, by written notice to Commission and ACA, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding.

Section 10.07 Payment Procedure Under the Policy.

(1) In the event that on the second business day prior to the payment date on the Bonds, Trustee has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following business day, Trustee shall immediately notify ACA or its designee on the same business day by telephone or electronic mail, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(2) If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify ACA or its designee.

(3) In addition, if the Trustee has notice that any Bondholder has been required to disgorge payments of principal or interest on the Bonds pursuant to a final non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify ACA or its designee of such fact by telephone or electronic notice, confirmed in writing by registered or certified mail.

(4) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Bonds as follows:

(a) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Trustee shall (i) execute and deliver to ACA, in form satisfactory to ACA, an instrument appointing ACA as agent for such holders in any legal proceeding related to the payment of such interest and an assignment to ACA of the claims for interest to which such deficiency relates and which are paid by ACA, (ii) receive as designee of the respective holders (and not as paying agent) in accordance with the tenor of the Policy payment from ACA with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and

(b) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Trustee shall (i) execute and deliver to ACA, in form satisfactory to ACA, an instrument appointing ACA as agent for such holder in any legal proceeding related to the payment of such principal and an assignment to ACA of the Bond surrendered to ACA in an amount equal to the principal amount thereof as has not previously been paid or for which moneys are not held by the paying agent and available for such payment (but such assignment shall be delivered only if payment from ACA is received), (ii) receive as designee of the respective holders (and not as paying agent) in accordance with the tenor of the Policy payment therefor from ACA, and (iii) disburse the same to such holders.

(5) Payments with respect to claims for interest on and principal of Bonds disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Commission with respect to such Bonds, and ACA shall become the owner of such unpaid Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(6) Irrespective of whether any such assignment is executed and delivered, the Commission and ACA hereby agree for the benefit of ACA that;

(a) They recognize that to the extent ACA makes payments directly or indirectly (as by paying through the Insurer), on account of principal of or interest on the Bonds, ACA will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Commission, with interest thereon as provided and solely from the sources stated in the Financing Documents and the Bonds; and

(b) They will accordingly pay to ACA the amount of such principal and interest, with interest thereon as provided in this Financing Document and the Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to holders, and will otherwise treat ACA as the owner of such rights to the amount of such principal and interest.

(7) The Commission hereby agrees to pay or reimburse ACA any and all charges, fees, costs and expenses which ACA may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture or any other Financing Document including defending, monitoring or participating in any litigation or proceedings (including any bankruptcy proceeding in respect of the Commission or any affiliate thereof) relating to this agreement or any other Financing Document, any party to this Indenture or any other Financing Document or the transaction contemplated by the Financing Documents (the "Transaction"), (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this agreement or any other Financing Document, or the pursuit of any remedies under the trust agreement or any other Financing Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, or (iv) any amendment, waiver or other action with respect to, or related to, this agreement or any other Financing Document whether or not executed or completed; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of ACA spent in connection with the actions described in clauses (ii) – (iv) above; and ACA reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this agreement or any other Financing Document.

(8) In addition to any and all rights of reimbursement, subrogation and any other rights pursuant hereto or under law or in equity, the Commission agrees to pay or reimburse ACA any and all charges, fees, costs, claims, losses, liabilities (including penalties), judgments, demands, damages, and expenses which ACA or its officers, directors, shareholders, employees, agents and each Person, if any, who controls ACA within the meaning of either Section 15 of the Securities Act of 1933 or Section 20 of the Securities Exchange Act of 1934 may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, of any nature in connection with, in respect of or relating to the transactions contemplated by this agreement or any other Financing Document by reason of:

(a) any omission or action (other than of or by ACA) in connection with the offering, issuance, sale, remarketing or delivery of the Bonds;

(b) the negligence, bad faith, willful misconduct, misfeasance, malfeasance or theft committed by any director, officer, employee or agent of the Commission in connection with any transaction arising from or relating to this Indenture or any other Financing Document;

(c) the violation by the Commission of any law, rule or regulation, or any judgment, order or decree applicable to it;

(d) the breach by the Commission of any representation, warranty or covenant under this Indenture or any other Financing Document or the occurrence, in respect of the Commission, under this Indenture or any other Financing Document of any "Event of Default" or any event which, with the giving of notice or lapse of time or both, would constitute any "event of default"; or

(e) any untrue statement or alleged untrue statement of a material fact contained in any official statement or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such claims arise out of or are based upon any untrue statement or omission in information included in an official statement and furnished by ACA in writing expressly for use therein.

(9) ACA shall be entitled to pay principal or interest on the Bonds that shall become due for payment but shall be unpaid by reason of Nonpayment by the Commission (as such terms are defined in the Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with this agreement, whether or not ACA has received a Notice (as defined in the Policy) of Nonpayment or a claim upon the Policy.

Section 10.08 Reserve Account.

Amounts in the Reserve Account may be used only to pay principal of and interest on the Bonds in the event that all other amounts held by the Trustee and available therefor are insufficient.

The Reserve Account shall be fully funded at closing with cash or permitted investments in an amount equal to the Reserve Requirement. No letter of credit, surety bond, insurance policy or other credit facility may be credited to the debt service reserve fund without the prior written consent of ACA. The weighted average maturity of investments in the Reserve Account at any time may not exceed seven (7) years. The Trustee shall determine the value of the Reserve Account investments no less frequently than semiannually (and monthly from the date of any deficiency until such deficiency is cured).

The Commission shall make payments sufficient to restore the Reserve Account to the Reserve Requirement (i) in twelve (12) consecutive equal monthly installments beginning in the month following any withdrawal from the Reserve Account which causes the amount therein to be less than the reserve requirement, or (ii) in four (4) consecutive equal monthly installments beginning in the month following any calculation of the value of the Reserve Account at an amount less than the reserve requirement.

IN WITNESS WHEREOF, the Commission has caused this Indenture to be executed in its name and the Trustee, in token of its acceptance of the trusts created hereunder has caused this Indenture to be executed in its name all as of the day and year above written.

LA PALMA COMMUNITY
DEVELOPMENT COMMISSION

By: _____
EXECUTIVE DIRECTOR

U.S. BANK TRUST NATIONAL
ASSOCIATION, Trustee


(Authorized Officer)

IN WITNESS WHEREOF, the Commission has caused this Indenture to be executed in its name and the Trustee, in token of its acceptance of the trusts created hereunder has caused this Indenture to be executed in its name all as of the day and year above written.

LA PALMA COMMUNITY
DEVELOPMENT COMMISSION

By: *Catherine Gandin*
EXECUTIVE DIRECTOR

U.S. BANK TRUST NATIONAL
ASSOCIATION, Trustee

(Authorized Officer)

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE

LA PALMA COMMUNITY DEVELOPMENT COMMISSION
LA PALMA COMMUNITY DEVELOPMENT PROJECT NO. 1
2001 TAX ALLOCATION REFUNDING BOND

INTEREST RATE: **MATURITY DATE:** **DATED DATE:** **CUSIP:**
December 1, 2001

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

The LA PALMA COMMUNITY DEVELOPMENT COMMISSION, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Commission"), for value received hereby promises to pay to the Registered Owner stated above or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above in lawful money of the United States of America and to pay interest thereon in like lawful money from the Interest Payment Date next preceding the date of registration and authentication of this Bond (unless (i) this Bond is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date in which event it shall bear interest from such Interest Payment Date, or (iii) this Bond is authenticated on or prior to May 15, 2002, in which event it shall bear interest from the Dated Date above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond) until payment of such Principal Sum in full, at the rate per annum stated above, payable semiannually on June 1 and December 1, commencing June 1, 2002, ("Interest Payment Date") calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof at maturity and premium, if any, upon earlier redemption hereof are payable at the corporate trust office of U.S. Bank Trust National Association, the trustee under the Supplemental Trust Indenture No. 3 (as hereinafter defined) (the "Trustee"), in St. Paul, Minnesota. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed to the Registered Owner hereof at the Registered Owner's address as it appears on the Bond registration books maintained by the Trustee at the close of business on the fifteenth day of the month next preceding the month of such Interest Payment Date, whether or not such day is a Business Day.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS OF

THIS BOND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Law, both as defined herein, and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Commission, does not exceed any limit prescribed by the Law or any laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Supplemental Indenture.

This Bond shall not be entitled to any benefit under the Supplemental Indenture or become valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee.

This Bond is one of a duly authorized issue of Bonds of the Commission designated as "La Palma Community Development Commission, La Palma Community Development Project No. 1, 2001 Tax Allocation Refunding Bonds" (the "Bonds"), of an aggregate principal amount of Six Million Two Hundred Thousand Dollars (\$6,200,000.00), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates, or redemption and other provisions). The Bonds are issued pursuant to the provisions of the Community Redevelopment Law, being Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law") and pursuant to a resolution of the Commission adopted November 6, 2001, and a Supplemental Trust Indenture No. 3, dated as of December 1, 2001, entered into by and between the Commission and the Trustee (the "Supplemental Indenture"), authorizing the issuance of the Bonds. Reference is hereby made to the Supplemental Indenture (copies of which are on file at the office of the Commission) and all indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues, as that term is defined in the Supplemental Indenture, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Commission thereunder, to all of the provisions of which Supplemental Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Commission to refund the Commission's \$6,500,000 La Palma Community Development Project No. 1, 1991 Tax Allocation Bonds (the "1991 Bonds").

The Bonds are special obligations of the Commission and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Supplemental Indenture) are payable from, and are secured equally and on a parity with the La Palma Community Development Commission, La Palma Community Development Project No. 1, 1993 Tax Allocation Refunding Bonds, (the "1993 Bonds") without distinction, by a charge and lien on the Tax Revenues derived by the Commission from the Redevelopment Project Area (as those terms are defined in the Supplemental Indenture). There has been created and will be maintained by the Trustee, a Special Fund (as defined in the Supplemental Indenture) into which Tax

Revenues shall be deposited and from which the Trustee shall thereafter pay the principal of, redemption premium and the interest on the Bonds when due. Subject to the foregoing, as and to the extent set forth in the Supplemental Indenture, all such Tax Revenues (together with all of the moneys in the Reserve Account, as defined in the Supplemental Indenture) are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Supplemental Indenture and the Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds. Notwithstanding the foregoing, in accordance with the Supplemental Indenture, Tax Revenues in excess of amounts required for such payment of the Bonds may be applied for other purposes as provided in the Supplemental Indenture.

This Bond is not a debt of the City of La Palma, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Commission. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Bonds maturing on or before June 1, 2011, are not subject to optional redemption. Bonds maturing on or after June 1, 2012, are subject, at the option of the Commission, to call and redemption prior to their stated maturities on any date, commencing June 1, 2011, as a whole or in part at the option of the Commission, together with accrued interest thereon to the redemption date, if any is due and owing, at a redemption price as follows:

<u>Redemption Dates</u>	<u>Premium</u>
June 1, 2011 through May 31, 2012	102%
June 1, 2012 through May 31, 2013	101%
June 1, 2013 and thereafter	100%

The Bonds maturing on June 1, 2021 (the "Term Bonds"), are subject to mandatory redemption in part on June 1, 2012 and on June 1 of each year thereafter as further provided in the Indenture, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the date fixed for redemption, without premium, from Sinking Account payments required to be made by the Commission under the Supplemental Indenture.

As provided in the Supplemental Indenture, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective Registered Owners of any Bonds designated for redemption at their addresses appearing on the bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Supplemental Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Supplemental Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and

with the effect provided in the Supplemental Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Supplemental Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Supplemental Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity and series.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing at said offices of the Trustee, but only in the manner and subject to the limitations provided in the Supplemental Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations for the same aggregate principal amount, of the same series and of the same maturity will be issued to the transferee in exchange therefor.

The Commission and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Commission and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Commission and the owners of the Bonds may be modified or amended at any time in the manner to the extent and upon the terms provided in the Supplemental Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the Registered Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bond the consent of the owners of which is required to effect any such modification or amendment.

STATEMENT OF BOND INSURANCE

Bond Insurance Policy No. _____ (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by ACA Financial Guaranty Corporation ("ACA"). The Policy has been delivered to and will be held by U.S. Bank Trust National Association, Los Angeles, California. The Policy is on file and available for inspection at the office of the Trustee or paying agent and a copy thereof may be secured by ACA. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of ACA as more fully set forth in the Policy.

IN WITNESS WHEREOF, the La Palma Community Development Commission has caused this Bond to be executed in its name and on its behalf with the signature of its Chairperson and attested by the of its Secretary, all as of December 1, 2001.

LA PALMA COMMUNITY
DEVELOPMENT COMMISSION

By: _____
Executive Director

ATTEST:

Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

_____, as Trustee

AUTHENTICATION DATE:

Authorized Officer

(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto _____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) _____
_____ attorney, to transfer the same on the
bond register of the Trustee with full power of substitution in the premises.

Dated: _____

Signatures Guaranteed:

Note: Signature(s) must be guaranteed by an eligible
guarantor institution.

Note: The signature(s) on this Assignment must
correspond with the name(s) as written on the
face of the within Bond in every particular
without alteration or enlargement or any
change whatsoever

OVERSIGHT BOARD RESOLUTION NO. 2014-01

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA FINDING THAT EACH OF THE TWO LOANS MADE BY THE CITY OF LA PALMA TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA WERE FOR A LEGITIMATE REDEVELOPMENT PURPOSE AND THAT EACH OF THE TWO CITY LOANS IS AN ENFORCEABLE OBLIGATION PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.4(b)(1)

WHEREAS, the City of La Palma ("City") is, and at all times relevant to the matters referred to herein was, a municipal corporation and general law city of the State of California; and

WHEREAS, the former Community Development Commission of the City of La Palma ("Redevelopment Agency") was a redevelopment agency organized and existing and enabled to exercise the powers afforded under the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.) ("CRL"); and

WHEREAS, on June 28, 2011, Assembly Bill 26 from the 2011-2012 First Extraordinary Session of the California Legislature ("ABx1 26") was enacted as a bill related to the 2011 Budget Act which, as modified by the California Supreme Court Decision in California Redevelopment Association v. Matosantos (2011) 53 Cal.4th 231, dissolved all redevelopment agencies in California on February 1, 2012; and

WHEREAS, on June 27, 2012, Assembly Bill 1484 from the 2011-2012 Regular Session of the California Legislature ("AB 1484") was enacted as a bill related to the 2011 Budget Act and amended ABx1 26; and

WHEREAS, ABx126 and AB 1484 are hereinafter collectively referred to as the "Dissolution Act"; and

WHEREAS, pursuant to (i) Health and Safety Code Section 34173, added to the CRL by ABx1 26 and amended by AB 1484, and (ii) City Council Resolution No. 2012-06, adopted by the City Council of the City (the "City Council") on January 3, 2012, the City is successor agency (the "Successor Agency") to the dissolved Redevelopment Agency; and

WHEREAS, pursuant to Health and Safety Code 34171, added to the CRL by ABx1 26 and amended by AB 1484, the Successor Agency assumed, on February 1, 2012, all authority, rights, powers, duties, and obligations previously vested to the

Redevelopment Agency, except for those that were repealed, restricted, or revised pursuant to Part 1.85 of Division 24 of the Health and Safety Code; and

WHEREAS, the Redevelopment Agency, until its dissolution on February 1, 2012, was responsible for the administration of redevelopment activities within the City; and

WHEREAS, Section 33220 of the CRL provides that certain public bodies may aid and cooperate in the planning, undertaking, construction or operation of redevelopment projects; and

WHEREAS, Section 33600 of the CRL provides that a redevelopment agency may accept financial or other assistance from any public or private source, for the agency's activities, powers, and duties, and expend any funds so received for any of the purposes of the CRL; and

WHEREAS, Section 33601 of the CRL provides that a redevelopment agency may borrow money or accept financial or other assistance from the state or the federal government or any other public agency for any redevelopment project within its area of operation, and may comply with any conditions of such loan or grant; and

WHEREAS, by adoption of Ordinance No. 83-7 in April 1983, the City Council, in compliance with the CRL and other applicable law, adopted the Redevelopment Plan for the Community Development Project Area (the "Redevelopment Plan" or "Project Area," as applicable); and

WHEREAS, the Redevelopment Agency was engaged in activities to execute and implement the Project Area pursuant to the provisions of the CRL; and

WHEREAS, on or about October 28, 1999, pursuant to authority set forth in the CRL, the City provided a loan to the Redevelopment Agency to facilitate the development of 60 affordable senior apartments restricted for occupancy by moderate income households (the "1999 Loan"), in the principal amount of \$4,933,000, of which, at the time of dissolution, \$4,417,469 remained outstanding; and,

WHEREAS, upon recalculation of accumulated interest on the 1999 Loan pursuant to the requirements of Health and Safety Code Section 34191.4(b), the outstanding balance as of the date of this Resolution is \$4,225,960; and

WHEREAS, a true and correct copy of the Loan Agreement evidencing the 1999 Loan is attached hereto as **Exhibit "A"** and by this reference incorporated herein; and

WHEREAS, on or about May 1, 2002, pursuant to authority set forth in the CRL, the City provided a loan to the Redevelopment Agency to facilitate the rehabilitation and seismic retrofit of certain industrial building located at 6565 Valley View Street (the

"2002 Loan"), in the principal amount of \$1,500,000, of which, at the time of dissolution, \$960,104 remained outstanding; and

WHEREAS, upon recalculation of accumulated interest on the 2002 Loan pursuant to the requirements of Health and Safety Code Section 34191.4(b), the outstanding balance as of the date of this Resolution is \$794,862; and

WHEREAS, a true and correct copy of the Financing Agreement evidencing the 2002 Loan is attached hereto as **Exhibit "B"** and by this reference incorporated herein; and

WHEREAS, the 1999 Loan and the 2002 Loan are collectively referred to hereinafter as the "City Loans"; and

WHEREAS, the Oversight Board to the Successor Agency ("Oversight Board") has been established in accordance with the Dissolution Act; and

WHEREAS, pursuant to CRL Section 34191.4, enacted as part of AB 1484, after issuance of a "Finding of Completion" from the DOF, loan agreements between the former redevelopment agency and the city which established the redevelopment agency shall be deemed to be an enforceable obligation when the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes; and

WHEREAS, pursuant to Health and Safety Code Section 34180(a), added by ABx1 26 and amended by AB 1484, an oversight board is authorized to approve a request by a successor agency to reestablish loan agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency in accordance with the provisions of Health and Safety Code Section 34191.4; and

WHEREAS, pursuant to Health and Safety Code Section 34191.4(b)(2), if an oversight board finds that the loan made by a city to its redevelopment agency is an enforceable obligation, the loan principal must be repaid to the city in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund, and the annual loan repayments provided for in the recognized obligations payment schedules are subject to the additional following provisions:

(A) Repayments shall not be made prior to the 2013-2014 fiscal year;

(B) Beginning in the 2013-2014 fiscal year, the maximum repayment amount authorized each fiscal year for the repayments made for a reestablished city/redevelopment agency loan and repayments for any amounts owed to the former redevelopment agency's Low and Moderate Income Housing Fund as repayment for the funding of the Supplemental Education Revenue Augmentation Fund (SERAF) shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to Health and Safety Code Section 34183(a)(4) in that fiscal year and the

amount distributed to taxing entities pursuant to that paragraph in the 2012-2013 base year;

(C) Loan of deferral repayments made to city/redevelopment agency loans are to be second in priority to the amounts to be repaid as part of any SERAF loan;

(D) Payments received by a city that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Asset Fund of the former redevelopment agency for purposes of the SERAF and shall be distributed to the Low and Moderate Income Housing Asset Fund established pursuant to Health and Safety Code Section 34176(d);

(E) Twenty percent of any loan repayment for a city/redevelopment agency loan shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund established pursuant to Health and Safety Code Section 34176(d), after all outstanding loans from the Low and Moderate Income Housing Fund for purposes of the SERAF have been repaid; and

WHEREAS, the Redevelopment Agency did not pay for the SERAF requirement with any funds from the former Low and Moderate Income Housing Fund; and

WHEREAS, the DOF issued a Finding of Completion to the Successor Agency by letter dated April 18, 2013; and

WHEREAS, a true and correct copy of the Finding of Completion letter issued by the DOF is attached hereto as **Exhibit "C"** and by this reference incorporated herein; and

WHEREAS, pursuant to Health and Safety Code Section 34180(a), the Successor Agency desires that the Oversight Board, pursuant to Health and Safety Code Section 34191.4, find that (A) the City Loans, and each of them, were for legitimate redevelopment purposes and (B) the City Loans, and each of them, are enforceable obligations so that the City Loans may be repaid pursuant to, and subject to, Health and Safety Code Section 34191.4; and

WHEREAS, if the amounts due under the City Loans were not paid back to the City, then other public services provided by the City, such as public safety, fire protection, park and recreation programs, senior citizen services, transportation services, and other critical City services would be impacted; and

WHEREAS, the Oversight Board has reviewed and duly considered the staff report, the Exhibits hereto, and other evidence and testimony presented related thereto.

NOW, THEREFORE, the Oversight Board to the Successor Agency to the dissolved Community Development Commission of the City of La Palma finds and resolves as follows:

SECTION 1. The foregoing Recitals are true and correct and are a substantive part of this Resolution and are incorporated herein.

A. The City Loans and each of them were for legitimate redevelopment purposes, including the following:

(i) The Redevelopment Agency was implementing the redevelopment of the Project Area under the duly adopted redevelopment plans and the CRL;

(ii) The CRL, at Health and Safety Code Section 33020, defines redevelopment as the “planning, development, replanning, redesign, clearance, reconstruction, or rehabilitation, or any combination of these, of all or part of a survey area, and the provision of those residential, commercial, industrial, public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them...”;

(iii) The CRL (Health and Safety Code Sections 33132, 33133, and 33600) specifically authorized the Redevelopment Agency to accept financial assistance from public sources, including the City, and to expand those moneys for any redevelopment project within the Redevelopment Agency’s area of operation or for the Redevelopment Agency’s activities, powers, and duties;

(iv) The CRL (Health and Safety Code Section 33220) specifically authorized the Redevelopment Agency to enter into agreements with any other public body, including the City, for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of redevelopment projects upon the terms and with or without consideration as determined necessary by the Redevelopment Agency;

(v) The CRL (Health and Safety Code Sections 33601) specifically authorized the Redevelopment Agency to borrow money from any public agency, including the City, for any redevelopment project within its area of operation, and comply with any conditions of such loan;

(vi) California law (Government Code sections 53600 et seq. and 53601(e) specifically) authorized the City to invest moneys not required for the immediate needs in evidences of indebtedness of any local agency, including the Redevelopment Agency, within the State of California.

B. Pursuant to the Loan Agreement evidencing the 1999 Loan, the City loaned funds to the Redevelopment Agency for the development of affordable housing, and as such the 1999 Loan was for legitimate redevelopment purpose.

C. Pursuant to the Financing Agreement evidencing the 2002 Loan, the City loaned funds to the Redevelopment Agency for rehabilitation of real property and as such the 2002 Loan was for legitimate redevelopment purposes.

D. Based on the foregoing, the Oversight Board specifically and expressly finds and determines that (1) the City Loans, and each of them, were proper and legally-

authorized loan agreements under the CRL made by the City to the Redevelopment Agency for legitimate redevelopment purposes, and (2) the City Loans, and each of them, are enforceable obligations pursuant to Health and Safety Code Section 34191.4.

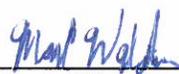
SECTION 3. The Oversight Board finds and determines that the rate of interest earned on deposits in the Local Agency Investment Fund as of the date of this Resolution is 0.038% and that such rate of interest shall attach to the repayment under the City Loans unless another interest rate is determined to be applicable by agreement between the City or Successor Agency on the one hand and DOF on the other hand, by state legislation, by applicable administrative interpretation, or by judicial interpretation. In the event another rate of interest is determined to be applicable, such other rate of interest shall automatically apply without need for further action by the Oversight Board.

SECTION 4. The Successor Agency is instructed to reflect the City Loans, and each of them, as enforceable obligations, on future Recognized Obligation Payment Schedules in accordance with Health and Safety Code Section 34191.4.

SECTION 5. The Oversight Board acknowledges that nothing in this Resolution shall act to modify, waive, discharge, or in any manner affect, any legal assertion made, or legal position taken, or to be made or taken in the future, by the City or Successor Agency or any other entity with respect to the subject matter of, or any of the matters set forth in, this Resolution.

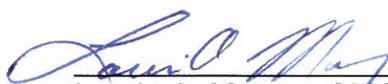
SECTION 6. This Resolution shall take effect upon the date of its adoption. The Secretary shall certify to the adoption of this resolution.

PASSED, APPROVED, AND ADOPTED this 13th day of February 2014.



Mark Waldman,
Chairperson

ATTEST:



Laurie A. Murray, CMC,
City Clerk

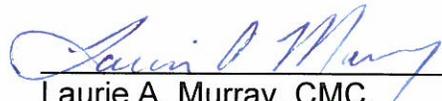
STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LA PALMA)

I, LAURIE A. MURRAY, City Clerk of the City of La Palma, HEREBY DO CERTIFY that the foregoing resolution was adopted at a regular meeting of the Oversight Board to the Successor Agency to the dissolved Community Development Commission of the City of La Palma, held on the 13th day of February, 2014.

AYES: Vice Chairperson Carruth, Board Member Dumhart,
Board Member Nelson, Board Member Patterson, and
Chairperson Waldman

NOES: None

ABSENT: Board Member Garcia and Board Member Patel



Laurie A. Murray, CMC,
City Clerk

LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") is made and entered into this 28th day of October ~~30~~ Katz, 1999 ("Effective Date"), by and between the CITY OF LA PALMA, a municipal corporation ("City" or "Lender"), and the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA, a public body, corporate and politic ("Commission" or "Borrower").

R E C I T A L S

A. Commission of a public body, corporate and politic, organized and existing as a redevelopment agency pursuant to Health and Safety Code Sections 33000 et seq. and 34100 et seq.

B. City is a general law city of the State of California.

C. Commission is engaged in activities pursuant to the CRL in the area of affordable housing and desires to obtain a loan from the City for the purpose of assisting Commission in funding the construction of an affordable housing complex on a site of approximately 1.9 acres located in the City, commonly known as 7051-61 Walker Street, located southerly of the southwest corner of Walker and Orangethorpe Streets. The Site is owned by City.

D. Pursuant to that certain Ground Lease, dated on or about the date of this Loan Agreement, by and between City as lessor and Commission as lessee, City has ground leased the Site to Commission for an annual ground lease payment of One Hundred Ten Thousand Dollars (\$110,000) ("Annual Commission Ground Lease Payment to City").

E. Pursuant to that certain Disposition and Development Agreement, dated September 24, 1998 (the "DDA"), by and among Commission, MDA Investment Partnership, a California general partnership ("Developer"), and LINC Housing Corporation, a 501(c)(3) California nonprofit public benefit corporation ("LINC"), Commission intends to ground sub-lease ("Ground Sub-Lease") the Site to Developer which shall, in accordance with the DDA, construct the improvements on the Site consisting of a affordable rental housing complex for senior citizens (the "Project"). Upon completion of the improvements, the DDA, the Ground Sub-Lease, and all other applicable agreements as described in the DDA, including the Note set forth as Exhibit "I" to the DDA, shall be assumed by LINC.

F. Pursuant to the Ground Sub-Lease, Developer (and LINC following completion of the improvements) shall pay to Commission an annual ground sub-lease payment to Commission equal to the sum of (i) One Dollar (\$1.00), plus (ii) eighty-seven and one-half percent (87.5%) of the "Net Operating Income" (as defined in Sections 3.2 and 7.2(b) of the Ground Sub-Lease attached as Exhibit "G" to the DDA) ("Commission Ground Sub-Lease Revenue"). A portion of the Commission Ground Sub-Lease Revenue is to be used to make the Annual Commission Ground Lease Payment to City as referenced in Recital D above. The portion of the Commission Ground Sub-Lease Revenue remaining after the Commission makes the Annual Commission Ground Lease Payment to City is hereinafter referred to as the "Commission's Net NOI Funds."

G. To bring about development of the Project on the Site, Commission agreed in the DDA, subject to certain conditions subsequent defined therein, to provide a loan to Developer to assist in funding the construction of the Project. In order to effect that funding, Commission desires to obtain a loan from City as set forth herein. City and Commission are authorized by the California Community Redevelopment Law (Health and Safety Code §33000 *et seq.*) ("CRL") to enter into agreements whereby the City loans funds to the Commission for the purpose of funding Commission activities pursuant to the CRL, including for the purposes of developing affordable housing.

H. City desires to provide such loan to Commission for the purposes set forth above and City and Commission enter into this Agreement for that purpose.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants and promises hereinafter contained, and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Principal Amount; Interest Amount. City hereby loans to Commission the maximum principal amount of FOUR MILLION NINE HUNDRED THIRTY-THREE THOUSAND DOLLARS (\$4,933,000) ("Loan Amount"), to be disbursed in accordance with the terms and conditions set forth herein. Interest shall accrue on the outstanding principal amount and accrued interest at a rate equal to the rate of return on City investments in the Local Agency Investment Fund, or successor fund, plus two and three-eighths percent (2.375%) [Example: if the LAIF rate is 6%, the interest rate under this Agreement is 8.375%]. Interest shall be simple interest compounded annually.

2. Repayment. The City Loan shall be a fully amortized loan repayable by Commission over thirty (30) years. Commission shall make an annual payment to City

in the amount necessary to repay the Loan Amount and accrued interest in thirty (30) years. As set forth in Attachment No. 1 hereto, City and Commission acknowledge that, when interest at the rate of 8.375%, compounded annually, is applied, the approximate annual repayment amount, for the first twenty-nine (29) annual payments is Four Hundred Fifty-Three Thousand Seven Hundred Eighty Dollars and Fifty-One Cents (\$453,780.51), and the thirtieth and final payment is Five Hundred One Thousand Seventy-Four Dollars and Fifty-Nine Cents (\$501,074.59). The actual annual repayment amount may be greater or lesser depending on the precise applicable interest rate applied in accordance with the index set forth in Paragraph 1. City shall determine the annual payment amount due for a particular fiscal year and shall notify Commission of said amount not later than thirty (30) days following the end of that fiscal year. Commission shall make the annual payment not later than sixty (60) days following the end of the fiscal year to which the payment relates. Commission shall have the right to prepay all or any portion of the Loan Amount and accrued interest at any time without penalty.

3. Source of Funds for Repayment. Commission may use any funds available to it for the annual repayment required by this Agreement; provided, however, that in no event shall Commission use monies in its Low and Moderate Income Housing Fund (Health & Safety Code §33334.2 et seq.) until Commission has devoted to such annual repayment all of the Commission's Net NOI Funds received during the same fiscal year to which the annual repayment relates. In the event such Commission Net NOI Funds are insufficient for Commission to fully make the annual repayment required hereunder, Commission shall supplement Commission's Net NOI Funds to the extent necessary to make the annual payment required hereunder, including using monies in the Commission's Low and Moderate Income Housing Fund. City and Commission acknowledge and agree that any monies disbursed from the Low and Moderate Income Housing Fund for this purpose shall not be required to be repaid to the Low and Moderate Income Housing Fund in light of the use of such funds to repay a loan used for the production of affordable housing in accordance with the CRL.

4. Disbursement. City shall disburse the Loan Amount to Commission in full or in such increments from time to time as Commission may require; provided that the total amount of all disbursements shall not exceed the Loan Amount. The City Manager and City Finance Director are authorized to make such disbursement(s) to Commission on behalf City.

5. Default. Commission shall be in default of its obligations hereunder in the event Commission fails to timely make a payment required hereunder. Interest shall accrue on amounts not timely paid at the rate of the lesser of ten percent (10%) per annum or the maximum legal rate, and shall accrue as of the date such payment was originally due.

6. Severability. In the event that any term or provision of this Agreement is held to be unenforceable, the remainder of this Agreement shall remain in full force and effect to the fullest extent without inclusion of the unenforceable term or provision.

7. Indebtedness of Commission. The City's loan to Commission evidenced by this Agreement shall constitute an indebtedness of Commission.

8. Subordination. The repayment of the loan by Commission as required by this Agreement shall be junior and subordinate to (i) all Commission tax allocation bonds or other direct long-term indebtedness of Commission entered into prior to the Effective Date of this Agreement; (ii) all pledges by Commission of tax increments for tax allocation bonds or other direct long-term indebtedness of Commission incurred prior to the Effective Date of this Agreement; (iii) Commission financing agreements and other contractual obligations of Commission entered into prior to Effective Date of this Agreement; and (iv) all statutorily or judicially required or imposed payments, repayments, charges, fees, penalties, and the like.

9. Non-Recourse Obligation. No officer, official, member, employee, agent, or representative of Commission or City shall be liable for any amounts due hereunder, and no judgment or execution thereon entered in any action hereon shall be personally enforced against such officer, official, member, employee, agent, or representative.

10. Indemnification. Commission shall indemnify, defend, and hold City harmless from and against any claims brought by any person not a party to this Agreement challenging the validity or enforceability of this Agreement.

11. Administrative Authority. The City Manager and City Finance Director and their authorized designees shall have the authority to act on behalf of City in implementing this Agreement. The Executive Director of the Commission and City Finance Director acting in the capacity of Finance Director of the Commission and their authorized designees shall have the authority to act on behalf of Commission in implementing this Agreement.

12. Entire Agreement; Amendment. This Agreement shall constitute the entire agreement of the parties with respect to the subject matter hereof. This Agreement may be amended or modified only by an agreement in writing signed by the parties after authorization by the parties' respective governing bodies as may be required by law.

[end - signature page follows]

IN WITNESS WHEREOF, Commission and City have entered into this Agreement as of the Effective Date.

"COMMISSION"

**COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF LA
PALMA**

By: Kenneth A. Blake
Kenneth A. Blake, Chairman

ATTEST:

Ann F. Piscotty
Commission Secretary

APPROVED AS TO FORM:

Dan Slater
Commission Counsel

"CITY"

CITY OF LA PALMA

By: Kenneth A. Blake
Kenneth A. Blake, Mayor

ATTEST:

Ann F. Piscotty
City Clerk

APPROVED AS TO FORM:

Dan Slater
City Attorney

ATTACHMENT NO. 1 TO LOAN AGREEMENT

AMORTIZATION SCHEDULE

The amortization schedule shown on the following pages is for illustration purposes only and assumes the following: (i) the entire Loan Amount is disbursed to Commission in a lump sum as of July 1, 2000; (ii) the first payment is made on June 30, 2001; (iii) an interest rate of 8.375% is applied throughout the thirty (30) year term; (iv) interest is compounded annually; (v) an annual installment payment made; (vi) no origination fees or points are paid; (vii) the rate basis is 365 days per year.

Amortization Schedule

Initial Loan Amount:	\$4,933,000.00
Initial Interest Rate:	8.3750
Initial Periods:	30
Points:	0.0000
Origination Date:	07/01/00
First Payment Due:	06/30/01
Payment Method:	Annually
Compounding Method:	Annually
Amortizing Method:	Normal
Rate Basis:	Ordinary
Points Paid:	At Origination

#/Yr	Date	Payment	Principal	Interest	Balance
nit/01	07/01/00	\$0.00	\$0.00	\$0.00	\$4,933,000.00
Annual Totals:		\$0.00	\$0.00	\$0.00	
Running Totals:		\$0.00	\$0.00	\$0.00	
1/01	06/30/01	\$453,780.51	\$36,051.32	\$417,729.19	\$4,896,948.68
Annual Totals:		\$453,780.51	\$36,051.32	\$417,729.19	
Running Totals:		\$453,780.51	\$36,051.32	\$417,729.19	
2/02	06/30/02	\$453,780.51	\$43,661.05	\$410,119.46	\$4,853,287.63
Annual Totals:		\$453,780.51	\$43,661.05	\$410,119.46	
Running Totals:		\$907,561.02	\$79,712.37	\$827,848.65	
3/03	06/30/03	\$453,780.51	\$47,317.66	\$406,462.85	\$4,805,969.97
Annual Totals:		\$453,780.51	\$47,317.66	\$406,462.85	
Running Totals:		\$1,361,341.53	\$127,030.03	\$1,234,311.50	
4/04	06/30/04	\$453,780.51	\$51,280.51	\$402,500.00	\$4,754,689.46
Annual Totals:		\$453,780.51	\$51,280.51	\$402,500.00	
Running Totals:		\$1,815,122.04	\$178,310.54	\$1,636,811.50	
5/05	06/30/05	\$453,780.51	\$55,575.26	\$398,205.25	\$4,699,114.20
Annual Totals:		\$453,780.51	\$55,575.26	\$398,205.25	
Running Totals:		\$2,268,902.55	\$233,885.80	\$2,035,016.75	
6/06	06/30/06	\$453,780.51	\$60,229.69	\$393,550.82	\$4,638,884.51
Annual Totals:		\$453,780.51	\$60,229.69	\$393,550.82	
Running Totals:		\$2,722,683.06	\$294,115.49	\$2,428,567.57	
7/07	06/30/07	\$453,780.51	\$65,273.92	\$388,506.59	\$4,573,610.59
Annual Totals:		\$453,780.51	\$65,273.92	\$388,506.59	
Running Totals:		\$3,176,463.57	\$359,389.41	\$2,817,074.16	
8/08	06/30/08	\$453,780.51	\$70,740.61	\$383,039.90	\$4,502,869.98
Annual Totals:		\$453,780.51	\$70,740.61	\$383,039.90	
Running Totals:		\$3,630,244.08	\$430,130.02	\$3,200,114.06	
9/09	06/30/09	\$453,780.51	\$76,665.14	\$377,115.37	\$4,426,204.84
Annual Totals:		\$453,780.51	\$76,665.14	\$377,115.37	
Running Totals:		\$4,084,024.59	\$506,795.16	\$3,577,229.43	
10/10	06/30/10	\$453,780.51	\$83,085.85	\$370,694.66	\$4,343,118.99
Annual Totals:		\$453,780.51	\$83,085.85	\$370,694.66	
Running Totals:		\$4,537,805.10	\$589,881.01	\$3,947,924.09	
11/11	06/30/11	\$453,780.51	\$90,044.29	\$363,736.22	\$4,253,074.70
Annual Totals:		\$453,780.51	\$90,044.29	\$363,736.22	
Running Totals:		\$4,991,585.61	\$679,925.30	\$4,311,660.31	
12/12	06/30/12	\$453,780.51	\$97,585.50	\$356,195.01	\$4,155,489.20
Annual Totals:		\$453,780.51	\$97,585.50	\$356,195.01	
Running Totals:		\$5,445,366.12	\$777,510.80	\$4,667,855.32	
13/13	06/30/13	\$453,780.51	\$105,758.28	\$348,022.23	\$4,049,730.92

Prepared For:

Prepared By: DSLATER

#/Yr	Date	Payment	Principal	Interest	Balance
Annual Totals:		\$453,780.51	\$105,758.28	\$348,022.23	
Running Totals:		\$5,899,146.63	\$883,269.08	\$5,015,877.55	
14/14	06/30/14	\$453,780.51	\$114,615.54	\$339,164.97	\$3,935,115.38
Annual Totals:		\$453,780.51	\$114,615.54	\$339,164.97	
Running Totals:		\$6,352,927.14	\$997,884.62	\$5,355,042.52	
15/15	06/30/15	\$453,780.51	\$124,214.59	\$329,565.92	\$3,810,900.79
Annual Totals:		\$453,780.51	\$124,214.59	\$329,565.92	
Running Totals:		\$6,806,707.65	\$1,122,099.21	\$5,684,608.44	
16/16	06/30/16	\$453,780.51	\$134,617.56	\$319,162.95	\$3,676,283.23
Annual Totals:		\$453,780.51	\$134,617.56	\$319,162.95	
Running Totals:		\$7,260,488.16	\$1,256,716.77	\$6,003,771.39	
17/17	06/30/17	\$453,780.51	\$145,891.78	\$307,888.73	\$3,530,391.45
Annual Totals:		\$453,780.51	\$145,891.78	\$307,888.73	
Running Totals:		\$7,714,268.67	\$1,402,608.55	\$6,311,660.12	
18/18	06/30/18	\$453,780.51	\$158,110.22	\$295,670.29	\$3,372,281.23
Annual Totals:		\$453,780.51	\$158,110.22	\$295,670.29	
Running Totals:		\$8,168,049.18	\$1,560,718.77	\$6,607,330.41	
19/19	06/30/19	\$453,780.51	\$171,351.95	\$282,428.56	\$3,200,929.28
Annual Totals:		\$453,780.51	\$171,351.95	\$282,428.56	
Running Totals:		\$8,621,829.69	\$1,732,070.72	\$6,889,758.97	
20/20	06/30/20	\$453,780.51	\$185,702.68	\$268,077.83	\$3,015,226.60
Annual Totals:		\$453,780.51	\$185,702.68	\$268,077.83	
Running Totals:		\$9,075,610.20	\$1,917,773.40	\$7,157,836.80	
21/21	06/30/21	\$453,780.51	\$201,255.28	\$252,525.23	\$2,813,971.32
Annual Totals:		\$453,780.51	\$201,255.28	\$252,525.23	
Running Totals:		\$9,529,390.71	\$2,119,028.68	\$7,410,362.03	
22/22	06/30/22	\$453,780.51	\$218,110.41	\$235,670.10	\$2,595,860.91
Annual Totals:		\$453,780.51	\$218,110.41	\$235,670.10	
Running Totals:		\$9,983,171.22	\$2,337,139.09	\$7,646,032.13	
23/23	06/30/23	\$453,780.51	\$236,377.15	\$217,403.36	\$2,359,483.76
Annual Totals:		\$453,780.51	\$236,377.15	\$217,403.36	
Running Totals:		\$10,436,951.73	\$2,573,516.24	\$7,863,435.49	
24/24	06/30/24	\$453,780.51	\$256,173.74	\$197,606.77	\$2,103,310.02
Annual Totals:		\$453,780.51	\$256,173.74	\$197,606.77	
Running Totals:		\$10,890,732.24	\$2,829,689.98	\$8,061,042.26	
25/25	06/30/25	\$453,780.51	\$277,628.29	\$176,152.22	\$1,825,681.73
Annual Totals:		\$453,780.51	\$277,628.29	\$176,152.22	
Running Totals:		\$11,344,512.75	\$3,107,318.27	\$8,237,194.48	
26/26	06/30/26	\$453,780.51	\$300,879.66	\$152,900.85	\$1,524,802.07

#/Yr	Date	Payment	Principal	Interest	Balance
Annual Totals:		\$453,780.51	\$300,879.66	\$152,900.85	
Running Totals:		\$11,798,293.26	\$3,408,197.93	\$8,390,095.33	
27/27	06/30/27	\$453,780.51	\$326,078.33	\$127,702.18	\$1,198,723.74
Annual Totals:		\$453,780.51	\$326,078.33	\$127,702.18	
Running Totals:		\$12,252,073.77	\$3,734,276.26	\$8,517,797.51	
28/28	06/30/28	\$453,780.51	\$353,387.39	\$100,393.12	\$845,336.35
Annual Totals:		\$453,780.51	\$353,387.39	\$100,393.12	
Running Totals:		\$12,705,854.28	\$4,087,663.65	\$8,618,190.63	
29/29	06/30/29	\$453,780.51	\$382,983.59	\$70,796.92	\$462,352.76
Annual Totals:		\$453,780.51	\$382,983.59	\$70,796.92	
Running Totals:		\$13,159,634.79	\$4,470,647.24	\$8,688,987.55	
30/30	06/30/30	\$501,074.80	\$462,352.76	\$38,722.04	\$0.00
Annual Totals:		\$501,074.80	\$462,352.76	\$38,722.04	
Running Totals:		\$13,660,709.59	\$4,933,000.00	\$8,727,709.59	

Prepared For:

Prepared By: DSLATER

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT ("Agreement") is made and entered into this 21st day of May, 2002, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA, a public body corporate and politic ("Commission"), and the CITY OF LA PALMA, a municipal corporation ("City").

RECITALS

WHEREAS, Commission is a public body, corporate and politic, organized under the California Community Redevelopment Law (Health & Safety Code § 33000 et seq.); and

WHEREAS, City is a municipal corporation and a general law city of the State of California; and

WHEREAS, City and Commission are authorized by Health & Safety Code Sections 33600 and 33610 to enter in an agreement providing for a loan by the City of the Commission; and

WHEREAS, City and Commission mutually desire to enter into this Agreement to set forth their respective obligations with respect to a loan appropriation by City to Commission of One Million Five Hundred Thousand Dollars (\$1,500,000.00) for the purpose of assisting Commission to meet certain contractual obligations pertaining to the redevelopment of the La Palma Community Development Project Area in accordance with the Redevelopment Plan for the La Palma Community Development Project.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter contained, Commission and City agree as follows:

Section 1. City Loan.

City hereby loans to Commission the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00) ("Loan Principal"), from the City's General Fund.

Section 2. Interest.

Interest shall accrue on the outstanding Loan Principal at ten percent (10%) per annum, compounded annually.

Section 3. Agency Repayment.

The Loan Principal and any accrued interest shall be repaid in full by Commission out of tax increment funds allocated to and received by Commission. Commission shall repay the Loan Principal and accrued interest in fifteen (15) annual installments due on or before of June 30th of each fiscal year, commencing with the first installment due on or before June 30, 2003, as shown

on the amortization schedule attached hereto as Exhibit "A"; provided, however, that if tax increment funds allocated to and received by Commission are insufficient to make such annual payment or portion thereof, the amount not paid shall be carried over with interest continuing to accrue to the next installment and paid with that installment. All amounts due by Commission hereunder shall be repaid in full not later than June 30, 2017. Commission shall be entitled to repay all or part of the Loan Principal and all accrued interest at any time with no other charges, fees, or penalties. All amounts due under this Agreement shall be payable at the offices of City.

Section 4. Indebtedness of Commission; Not a Pledge of Tax Increment

The Loan Principal and accrued interest described in this Agreement shall constitute an indebtedness of Commission. The obligations of Commission hereunder are not a pledge of tax increment or any other specific funds of the Commission.

Section 5. Subordination.

The repayment of the Loan Principal and accrued interest by Commission shall be junior and subordinate to (i) all Commission tax allocation bonds or other direct long-term indebtedness of Commission, (ii) all pledges by Commission of tax increments for tax allocation bonds or other direct long-term indebtedness of Commission, (iii) Commission financial agreements and other contractual obligations of Commission, and (iv) any contingent obligations of Commission.

Section 6. Non-Recourse Obligation.

No officer, official, employee, agent, or representatives of Commission shall be liable for any amounts due hereunder, and no judgment or execution thereon entered in any action hereon shall be personally enforced against any such officer, official, employee, agent, or representative.

Section 7. Entire Agreement; Amendment.

This Agreement shall constitute the entire agreement of the parties. This Agreement may be amended or modified only by an agreement in writing signed by the parties.

[end – signature page follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized representatives, as of the date first above written.

“COMMISSION”

COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF LA
PALMA

By: Raul Walker
Chairman

ATTEST:

Jami K. Pirrotti
Secretary

APPROVED AS TO FORM:

Jul 19
Commission Counsel

“CITY”

CITY OF LA PALMA

By: Raul Walker
Mayor

ATTEST:

J. K. Pirrotti
City Clerk

APPROVED AS TO FORM:

Jul 19
City Attorney

EXHIBIT "A"

AMORTIZATION SCHEDULE

[SEE ATTACHED PAGES]

Loan Calculator

"EXHIBIT A"

Enter Values	
Loan Amount	\$ 1,500,000.00
Annual Interest Rate	10.00 %
Loan Period in Years	15
Number of Payments Per Year	1
Start Date of Loan	6/30/02
Optional Extra Payments	

Loan Summary	
Scheduled Payment	\$ 197,210.67
Scheduled Number of Payments	15
Actual Number of Payments	15
Total Early Payments	\$ -
Total Interest	\$ 1,458,159.98

Lender Name: City of La Palma

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	6/30/03	\$ 1,500,000.00	\$ 197,210.67	\$ -	\$ 197,210.67	\$ 47,210.67	\$ 150,000.00	\$ 1,452,789.33
2	6/30/04	1,452,789.33	197,210.67	-	197,210.67	51,931.73	145,278.93	1,400,857.60
3	6/30/05	1,400,857.60	197,210.67	-	197,210.67	57,124.91	140,085.76	1,343,732.70
4	6/30/06	1,343,732.70	197,210.67	-	197,210.67	62,837.40	134,373.27	1,280,895.30
5	6/30/07	1,280,895.30	197,210.67	-	197,210.67	69,121.14	128,089.53	1,211,774.17
6	6/30/08	1,211,774.17	197,210.67	-	197,210.67	76,033.25	121,177.42	1,135,740.92
7	6/30/09	1,135,740.92	197,210.67	-	197,210.67	83,636.57	113,574.09	1,052,104.34
8	6/30/10	1,052,104.34	197,210.67	-	197,210.67	92,000.23	105,210.43	960,104.11
9	6/30/11	960,104.11	197,210.67	-	197,210.67	101,200.25	96,010.41	858,903.86
10	6/30/12	858,903.86	197,210.67	-	197,210.67	111,320.28	85,890.39	747,583.58
11	6/30/13	747,583.58	197,210.67	-	197,210.67	122,452.31	74,758.36	625,131.27
12	6/30/14	625,131.27	197,210.67	-	197,210.67	134,697.54	62,513.13	490,433.74
13	6/30/15	490,433.74	197,210.67	-	197,210.67	148,167.29	49,043.37	342,266.44
14	6/30/16	342,266.44	197,210.67	-	197,210.67	162,984.02	34,226.64	179,282.42
15	6/30/17	179,282.42	197,210.67	-	179,282.42	161,354.18	17,928.24	0.00



April 18, 2013

Mr. Douglas Dumhart, Community Development Director
City of La Palma
7822 Walker Street
La Palma, CA 90623

Dear Mr. Dumhart:

Subject: Request for a Finding of Completion

The California Department of Finance (Finance) received the City of La Palma's request for a Finding of Completion.

Finance has completed its review of your request, which may have included reviewing supporting documentation submitted to substantiate payment or obtaining confirmation from the county auditor-controller. Pursuant to Health and Safety Code (HSC) section 34179.7, we are pleased to inform you that Finance concurs that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

This letter serves as notification that a Finding of Completion has been granted. The Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c).

Additionally, the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b), within six months from the date of this letter.

Please direct inquiries to Andrea Scharffer, Staff Finance Budget Analyst, or Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Michael Solorza, Finance Director, City of La Palma
Mr. Frank Davies, Property Tax Manager, Orange County
California State Controller's Office

Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5I

From: Successor Agency to the Mission Viejo Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (ROPS) and Administrative Budget

Recommended Action:

Approve resolution approving FY 2019-20 ROPS and Administrative Budget for the Mission Viejo Successor Agency

The Mission Viejo Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2019-20.

The Successor Agency to the Community Development Agency of the City of Mission Viejo (Successor Agency) is performing its functions under the Dissolution Law, Division 24, Parts 1.8 and 1.85 of the Health and Safety Code, as amended by Assembly Bill 1484 and other subsequent legislation (together, as amended, the “Dissolution Law”), to administer the enforceable obligations and otherwise unwind the former Agency's affairs, all subject to the review and approval by the seven-member Oversight Board. Under Section 34171(h) of Part 1.85, as amended, the ROPS is “the document setting forth the minimum payment amounts required by enforceable obligations for each fiscal year as provided in subdivision (o) of Section 34177.” Under the dates in the Dissolution Law, the Successor Agency and Oversight Board are required to consider and adopt the ROPS for the 19-20 fiscal period of July 1, 2019 to June 30, 2020, and submit such approved FY 19-20 ROPS to the Department of Finance (DOF) on or before February 1, 2019.

The FY 19-20 ROPS attached to the Oversight Board resolution included with this agenda report sets forth comparable listings of the Enforceable Obligations listed in prior ROPS and include:

Line item no. 1 – Mall Bond debt service payment pledge under the Pledge Agreement between the former redevelopment agency and the Mission Viejo Community Development Financing Authority. The amount requested of \$1,400,000 is estimated to equal the amount of property tax increment generated from specific parcels that comprise the Mall Bond site that are required for debt service payment under the Pledge Agreement.

Line item no. 4 – Payments for services of \$16,500 to calculate net tax increment revenue obligated under the Pledge Agreement for debt service payment to the Mall Bond trustee under line item no. 1. This calculation is performed 3 times a year.

Line item no. 58 – Estimated payments of \$7,500 to Mall Bond trustee for annual trustee fees.

Also included as part of the ROPS is the FY 19-20 administrative budget of \$250,000 on line item no. 27. Attached is a line item budget justifying actual administrative costs. Direct personnel costs are based on actual time spent by staff during the last complete fiscal year of 2017-18. Other direct costs are estimates of costs anticipated during FY 19-20. Indirect costs are based on the approved FY 18-19 budget.

The amended ROPS was presented and approved by the Mission Viejo Successor Agency on January 8, 2019. Mission Viejo Successor Agency Resolution 19-01 is attached documenting their action.

The Mission Viejo Successor Agency requests that the Orange Countywide Oversight Board adopt the attached Resolution approving the FY 19-20 ROPS and Administrative Budget for the Mission Viejo Successor Agency.

Impact on Taxing Entities

Amounts approved for distribution from Mission Viejo's Redevelopment Property Tax Trust Fund (RPTTF) for the 2019-20 period in the amount of \$1,674,000 are funds that will not be available for distribution to all other taxing entities. Mission Viejo's taxing entities include: County of Orange, County of Orange Flood Control District, County of Orange Harbors, Beaches & Parks County Service Area #26, Orange County Fire Authority, Orange County Superintendent of Schools, Saddleback Community College District; Capistrano Unified School District, Saddleback Valley Unified School District and the Mission Viejo Library.

Attachments

1. Orange Countywide Oversight Board Resolution
2. Mission Viejo ROPS 19-20
3. Mission Viejo Successor Agency Administrative Budget 19-20
4. Mission Viejo Successor Agency Resolution 19-01

Resolution No. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE MISSION VIEJO REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE 19-20 FISCAL PERIOD OF JULY 1, 2019 TO JUNE 30, 2020, SUBJECT TO SUBMITTAL TO, AND REVIEW BY, THE STATE DEPARTMENT OF FINANCE UNDER CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85, AND AUTHORIZING THE POSTING AND TRANSMITTAL THEREOF

WHEREAS, the former Community Development Agency of the City of Mission Viejo (“former Agency”) was established as a community redevelopment agency that was organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency by action of the City Council of the City of Mission Viejo (“City”); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation, and most recently by Senate Bill 107 (together, as amended, the “Dissolution Law”); and

WHEREAS, as of February 1, 2012 the former Agency was dissolved under the Dissolution Law, and, as a separate public entity, corporate and politic, the Successor Agency to the Community Development Agency of the City of Mission Viejo (“Successor Agency”) administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency’s affairs, all subject to the review and approval by a seven-member oversight board; and

WHEREAS, prior to July 1, 2018 under Dissolution Law, in particular Sections 34179 and 34180, all Mission Viejo Successor Agency actions were subject to the review and approval by a local seven-member oversight board, which oversaw and administered the Mission Viejo Successor Agency activities during the period from dissolution until June 30, 2018; and

WHEREAS, as of, on and after July 1, 2018 under Dissolution Law, in particular Sections 34179(j), in every California county there shall be only one oversight board that is staffed by the county auditor-controller, with certain exceptions that do not apply here; and

WHEREAS, every oversight board, both the prior local oversight board and this newly established Orange Countywide Oversight Board (“Oversight Board”), has fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues under Dissolution Law, in particular Sections 34188; and

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each Recognized Obligation Payment Schedule (“ROPS”) is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State of California, Department of Finance (“DOF”); and

WHEREAS, Section 34177(o) of the Dissolution Law requires that the annual ROPS for the 19-20 fiscal period of July 1, 2019 to June 30, 2020 (“ROPS 19-20”) shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2019; and

WHEREAS, the Oversight Board has reviewed the ROPS 19-20 presented by the Successor Agency and desires to approve the ROPS 19-20, including the FY 19-20 Administrative Budget included therewith, and to authorize the Successor Agency, to cause posting of ROPS 19-20 on the City’s website: (www.cityofmissionviejo.org) and to direct transmittal of such ROPS to the DOF, with copies to the County Executive Officer, the County Auditor-Controller, and the State Controller’s Office.

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD does hereby resolve as follows:

Section 1. The foregoing recitals are hereby incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The Oversight Board hereby approves the ROPS 19-20, along with the Administrative Budget for FY 19-20 that is included therewith as Attachment 1 and 2, and incorporated by this reference, all under the requirements of the Dissolution Law.

Section 3. The Oversight Board authorizes transmittal of ROPS 19-20 to the DOF, with copies to the County Executive Officer, the County Auditor-Controller, and the State Controller’s Office.

Section 4. The Director of Administrative Services of the Successor Agency, or her authorized designee(s), is directed to post this Resolution, including ROPS 19-20, on the Successor Agency website (www.cityofmissionviejo.org) under the Dissolution Law.

Section 5. Under Section 34179(h) written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF’s choosing. An Oversight Board’s action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, that under Section 34177(m) as to each ROPS submitted the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations thereon no later than 45 days after submittal.

Section 6. The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Mission Viejo
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 833,250	\$ 840,750	\$ 1,674,000
F RPTTF	708,250	715,750	1,424,000
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):	\$ 833,250	\$ 840,750	\$ 1,674,000

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

Mission Viejo 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	19-20A (July - December)					Q	19-20B (January - June)					W
											Fund Sources						Fund Sources					
											L	M	N	O	P		R	S	T	U	V	
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
								\$ 17,884,989		\$ 1,674,000	\$ 0	\$ 0	\$ 0	\$ 708,250	\$ 125,000	\$ 833,250	\$ 0	\$ 0	\$ 0	\$ 715,750	\$ 125,000	\$ 840,750
1	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before	5/1/1999	9/1/2028	BNY Mellon Corporate	Bond Pledge	1	16,365,037	N	\$ 1,400,000				700,000		\$ 700,000				700,000		\$ 700,000
2	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	OPA/DDA/Construction	2/20/2012	9/1/2028	Stradling Yocca Carlson Rauth	OPA-Bond/Covenant Compliance	1			\$ -						\$ -						\$ -
4	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Fees	7/1/2010	9/1/2028	HdL Coren & Cone	Net Tax Increment Calculations per Pledge Agreement	1	165,000	N	\$ 16,500				8,250		\$ 8,250				8,250		\$ 8,250
7	Camino Capistrano Bridge Improvements	OPA/DDA/Construction	2/20/2012	6/30/2033	Stradling Yocca Carlson Rauth	Project Development	1	50,000	N	\$ -						\$ -						\$ -
8	Camino Capistrano Bridge Improvements	OPA/DDA/Construction	9/4/2002	6/30/2033	Davis Company	Economic Planning	1	50,000	N	\$ -						\$ -						\$ -
24	Owner Participation Agreement - Kaleidoscope	OPA/DDA/Construction	10/30/1995	6/30/2024	Stradling Yocca Carlson Rauth	OPA-Covenant Compliance	1	0	Y	\$ -						\$ -						\$ -
27	Administration	Admin Costs	2/1/2012	6/30/2033	City of Mission Viejo	Administration	1	250,000	N	\$ 250,000					125,000	\$ 125,000					125,000	\$ 125,000
33	Camino Capistrano Bridge Improvements	Improvement/Infrastructure	1/27/1993	6/30/2033	Contractor	Construction of Improvements	1	939,052	N	\$ -						\$ -						\$ -
37	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before	7/1/2014	6/30/2019	Arbitrage Compliance Specialists, Inc.	Arbitrage rebate calculation	1	5,900	N	\$ -						\$ -						\$ -
45	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Fees	7/1/2014	12/31/2019	City of Mission Viejo/KNN Financial	Variable Rate Bond required Letter of Credit renewal related services and other mall bond consulting services	1	0	Y	\$ -						\$ -						\$ -
58	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before	5/1/1999	9/1/2028	BNY Mellon Trust	Bond Trustee fees	1	60,000	N	\$ 7,500						\$ -				7,500		\$ 7,500
61	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before	5/1/1999	9/1/2028	HdL Coren & Cone	Letter of Credit Renewal	1	0	Y	\$ -						\$ -						\$ -
62	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before	5/1/1999	9/1/2028	Quint & Thimmig or Successor	Letter of Credit Renewal	1	0	Y	\$ -						\$ -						\$ -
63	Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 15-16A and 15-16B periods	1		Y	\$ -						\$ -						\$ -
64	Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 14-15A and 14-15B periods	1		Y	\$ -						\$ -						\$ -
65	Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 16-17 period	1		Y	\$ -						\$ -						\$ -
66	Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 17-18 period	1		Y	\$ -						\$ -						\$ -
67	Litigation Settlement	Litigation	2/1/2018	9/1/2028	City of Mission Viejo	Litigation Settlement	1		Y	\$ -						\$ -						\$ -

Mission Viejo 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		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments	
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount							
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					2,336,420		
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)					1,968,784		
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)					0		
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					367,636	
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		

**City of Mission Viejo
FY 19/20
Administrative Allowance Budget**

	<i>Department</i>	<u>Fiscal Year</u>	<u>Hourly</u>	<u>Successor</u>	<u>SA</u>	<u>% of Time</u>
		<u>2019/2020</u>		<u>Agency</u>		<u>Spent on</u>
		<u>Costs</u>	<u>Rate</u>	<u>Hours</u>	<u>Administration</u>	<u>SA Issues</u>
Direct Personnel Costs						
City Manager	City Manager	\$ 324,864	\$ 156.18	60	\$ 9,371	2.88%
Assistant City Manager/Director of Public Services	City Manager	282,812	135.97	24	3,263	1.15%
Executive Administrator	City Manager	119,486	57.45	24	1,379	1.15%
Senior Executive Assistant	City Manager	35,422	34.06	24	817	1.15%
City Council	City Council	114,435	55.02	5	248	0.22%
City Clerk	City Clerk	243,857	117.24	4	410	0.17%
Deputy City Clerk	City Clerk	125,769	60.47	1	60	0.05%
Records Mangement Coordinator	City Clerk	106,351	51.13	4	205	0.19%
Director of Administrative Services	Administrative Services	250,633	120.50	550	66,273	26.44%
AS Manager-Treasury	Administrative Services	146,592	70.48	150	10,572	7.21%
AS Manager-Accounting	Administrative Services	141,625	68.09	61	4,153	2.93%
Treasury Analyst	Administrative Services	94,453	45.41	337	15,303	16.20%
Junior Accountant	Administrative Services	85,958	41.33	114	4,690	5.46%
Junior Accountant	Administrative Services	86,144	41.42	28	1,160	1.35%
Payroll Technician	Administrative Services	60,278	28.98	78	2,260	3.75%
AS Manager-Budget & Purchasing	Administrative Services	141,204	67.89	30	2,037	1.44%
AS Analyst	Administrative Services	105,070	50.51	36	1,819	1.73%
Accounting Information Specialist	Administrative Services	112,187	67.42	10	657	0.47%
Senior Department Assistant	Administrative Services	90,821	43.66	37	1,594	1.75%
Information Technology Specialist	Information Technology	152,187	73.17	62	4,536	2.98%
Total Direct Personnel Costs					130,808	
Other Direct Costs						
Attorneys						
Stradling Yocca Carlson & Rauth	SA Attorney				15,000	
Lozano Smith	City Attorney				5,000	
Audit Fees						
Bank Fees/Delivery/Postage/Office Supplies/Meeting costs						
Total Other Direct Cost					23,000	
Indirect Costs (applied at 3% of total cost)						
General Liability Insurance		713,698			21,411	
Workers Compensation Insurance		177,573			5,327	
Property Insurance		264,513			7,935	
Employee Fidelity Bonds		8,084			243	
Property Tax Administration		203,000			6,090	
Retiree Insurance Program (allocated at 5.6% of payroll)		-			-	
City Hall Facility Maintenance		558,442			16,753	
City Council Admin (non payroll)		36,808			1,104	
City Clerk Council Support (non payroll)		2,450			74	
City Clerk Records Mgmt (non payroll)		6,175			185	
Admin Service Admin (non payroll)		13,807			414	
Acctg/Payroll (non payroll/excludes audit)		40,907			1,227	
Treasury (non payroll)		84,540			2,536	
Human Resources (non payroll)		127,280			3,818	
Community Development Admin		231,994			6,960	
Community Development-Current Planning		445,889			13,377	
Taping/broadcasting SA meetings		27,120			814	
Maintenance of Document Management System		24,000			720	
Maintenance of Granicus System (on line streaming of meetings)		18,700			561	
Maintenance of Ektron (website content mgmt)		10,000			300	
Maintenance of Accounting System		72,000			2,160	
Maintenance of Misc Systems (Microsoft, Cylance, Trustwave, Maas 360, App)		237,500			7,125	
General Office Supplies and maintenance supplies		27,735			832	
Finance Copier/Equipment Maintenance		40,750			1,223	
Total Indirect Cost					101,189	
Total Successor Agency Admin Allowance Cost					\$ 254,997	

SUCCESSOR AGENCY RESOLUTION 19-01

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MISSION VIEJO APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B FOR THE ANNUAL FISCAL PERIOD OF JULY 1, 2019 TO JUNE 30, 2020, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD AND THE DEPARTMENT OF FINANCE UNDER THE DIVISION 24, PART 1.85 OF THE CALIFORNIA HEALTH AND SAFETY CODE, AND AUTHORIZING THE POSTING AND TRANSMITTAL THEREOF

WHEREAS, the former Community Development Agency of the City of Mission Viejo (“former Agency”) was established as a community redevelopment agency that was organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency by action of the City Council of the City of Mission Viejo (“City”); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation, and most recently by Senate Bill 107 (together, as amended, the “Dissolution Law”); and

WHEREAS, as of February 1, 2012 the former Agency was dissolved under the Dissolution Law, and, as a separate public entity, corporate and politic, the Successor Agency to the Community Development Agency of the City of Mission Viejo (“Successor Agency”) administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, prior to July 1, 2018 under Dissolution Law, in particular Sections 34179 and 34180, all Mission Viejo Successor Agency actions were subject to the review and approval by a local seven-member oversight board, which oversaw and administered the Mission Viejo Successor Agency activities during the period from dissolution until June 30, 2018; and

WHEREAS, as of, on and after July 1, 2018 under Dissolution Law, in particular Sections 34179(j), in every California county there shall be only one oversight board that is staffed by the county auditor-controller, with certain exceptions that do not apply here; and

WHEREAS, every oversight board, both the prior local oversight board and this newly established Orange Countywide Oversight Board, has fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues under Dissolution Law, in particular Sections 34188; and

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each Recognized Obligation Payment Schedule (“ROPS”) is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State of California, Department of Finance (“DOF”); and

WHEREAS, Section 34177(o) of the Dissolution Law requires that the annual ROPS for the 19-20 A-B fiscal period of July 1, 2019 to June 30, 2020 (“ROPS 19-20 A-B”) shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2019; and to submit a copy of the ROPS 19-20 A-B to the County Administrative Officer (“CAO”), the County Auditor-Controller (“CAC”), the State Controller’s Office (“SCO”) and the DOF at the same time that the Successor Agency submits such ROPS to the Oversight Board for review; and

WHEREAS, the Successor Agency has reviewed the draft ROPS 19-20 A-B, including the FY 19-20 administrative budget, and desires to approve the ROPS 19-20 A-B and to authorize the Successor Agency staff to transmit the ROPS to the Oversight Board; and

WHEREAS, the Successor Agency staff is directed to post ROPS 19-20 A-B on the Successor Agency website (www.cityofmissionviejo.org).

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MISSION VIEJO DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are hereby incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

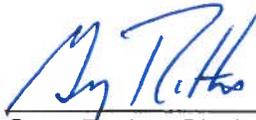
SECTION 2. The Successor Agency hereby approves the ROPS 19-20 A-B submitted herewith as Attachment 1, which schedule is incorporated herein by this reference, under the requirements of the Dissolution Law; provided however, ROPS 19-20 A-B is approved subject to transmittal of ROPS 19-20 A-B to the Oversight Board for review and approval and a copy of the ROPS is sent concurrently to the CAO, CAC, SCO, and DOF. Further, the Director of Administrative Services or her designee(s), in consultation with legal counsel, is hereby authorized to request and complete meet and confer session(s), if any, with the DOF and authorized to make augmentations, modifications, additions or revisions as may be necessary or directed by DOF, and changes, if any, will be reported back to the Successor Agency.

SECTION 3. After approval by the Oversight Board, the Successor Agency authorizes transmittal of the approved ROPS 18-19 A-B again to the CAC, SCO and DOF.

SECTION 4. The Director of Administrative Services of the Successor Agency, or her authorized designee(s), is directed to post this Resolution, including the ROPS 19-20 A-B, on the Successor Agency website (www.cityofmissionviejo.org) under the Dissolution Law.

SECTION 5. The Secretary of the Successor Agency shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 8th day of January 2019.



Greg Rath, Chair
Successor Agency to the Community
Development Agency of the City of Mission Viejo

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF MISSION VIEJO)

I, Karen Hamman, Secretary of the Successor Agency to the Community Development Agency of the City of Mission Viejo, hereby certify that the foregoing resolution was duly adopted by the Successor Agency at a regular meeting held on the 8th day of January 2019, and that it was so adopted by the following vote:

AYES: Bucknum, Goodell, Kelley, Rath, and Sachs
NOES: None
ABSENT: None



Karen Hamman, Secretary
Successor Agency to the Community
Development Agency of the City of Mission Viejo

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
 Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Mission Viejo
 County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 833,250	\$ 840,750	\$ 1,674,000
F	RPTTF	708,250	715,750	1,424,000
G	Administrative RPTTF	125,000	125,000	250,000
H	Current Period Enforceable Obligations (A+E):	\$ 833,250	\$ 840,750	\$ 1,674,000

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (c) 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

 Signature

 Date

Mission Viejo Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G		H	
						Fund Sources			
						Bond Proceeds	Reserve Balance		Other Funds
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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			
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount								
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller						2,336,420		
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)						1,968,784		
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)						0		
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							
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)						367,636		
		\$	0	\$	0	\$	0	\$	
							0		

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.

Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5J

From: Successor Agency to the City of Orange Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (ROPS) and Administrative Budget

Recommended Action:

Approve resolution approving FY 2019-20 ROPS and Administrative Budget for the City of Orange Successor Agency

The City of Orange Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2019-20.

The enforceable obligations included in the Annual ROPS are outstanding obligations and debts, for a request of \$5,831,550 from the Redevelopment Property Tax Trust Fund (RPTTF) distribution.

The Administrative Budget is \$250,000, which is the minimum administrative cost allowance.

Resolution No. SAORA-032 was adopted on January 8, 2019 by the Governing Board of the Successor Agency to the Orange Redevelopment Agency. The City Council approved the Recognized Obligation Payment Schedule for the fiscal period covering July 1, 2019 through June 30, 2020 (ROPS 19-20), pursuant to Health and Safety Code Section 34177, and taking certain related actions.

Impact on Taxing Entities

The preparation and submittal of the ROPS 19-20 allows the Successor Agency to pay its enforceable obligations for the period from July 1, 2019 through June 30, 2020. Items listed on the ROPS 19-20 will be included in the City's FY 19-20 Annual Budget. The ROPS 19-20 shall become operative after it is approved by the Oversight Board and the State of California Department of Finance.

Attachments

- Proposed Oversight Board Resolution
- ROPS 19-20 for the July 1, 2019 to June 2020
- Successor Agency Governing Board Resolution No. SAORA-032

Resolution No. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE ORANGE
REDEVELOPMENT AGENCY APPROVING A RECOGNIZED
OBLIGATION PAYMENT SCHEDULE FOR THE FISCAL PERIOD FROM
JULY 1, 2019 THROUGH JUNE 30, 2020, PURSUANT TO HEALTH AND
SAFETY CODE SECTION 34177 AND TAKING CERTAIN RELATED
ACTIONS

WHEREAS, pursuant to Health and Safety Code Section 34177(o), the Successor Agency to the Orange Redevelopment Agency (the Successor Agency) must prepare a Recognized Obligation Payment Schedule listing the anticipated payments for enforceable obligations to be made by the Successor Agency during the fiscal period from July 1, 2019 through June 30, 2020 (ROPS 19-20) and submit ROPS 19-20 to the Countywide Oversight Board (the Oversight Board) for approval; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(2)(C) and Section 34177(o)(1), the Successor Agency must: (i) submit the Oversight Board-approved ROPS 19-20 to the DOF, the Office of the State Controller, and the County Auditor-Controller no later than February 1, 2019, and (ii) post a copy of the Oversight Board-approved ROPS 19-20 on the Successor Agency's website;

NOW, THEREFORE, THE ORANGE COUNTYWIDE OVERSIGHT BOARD DOES HEREBY FIND, DETERMINE, RESOLVE, AND ORDER as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves ROPS 19-20, substantially in the form attached hereto as Exhibit A. Staff of the Successor Agency is hereby authorized and directed to: (i) submit a copy of Oversight Board-approved ROPS 19-20 to the DOF, the Office of the State Controller, and the County Auditor-Controller and (ii) post a copy of the Oversight Board-approved ROPS 19-20 on the Successor Agency's Internet website (being a page on the Internet website of the City of Orange).

Section 3. The Staff of the Successor Agency 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 but not limited to requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and making adjustments to ROPS 19-20 pursuant to the DOF's instructions, and any such actions previously taken are hereby ratified and confirmed.

EXHIBIT A

SUCCESSOR AGENCY TO THE ORANGE REDEVELOPMENT AGENCY
RECOGNIZED OBLIGATION PAYMENT SCHEDULE
(July 1, 2019– June 30, 2020)

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency:

Orange City

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):	\$ 5,250	\$ 15,300	\$ 20,550
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	5,250	15,300	20,550
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 2,913,959	\$ 2,917,591	\$ 5,831,550
F RPTTF	2,788,959	2,792,591	5,581,550
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):	\$ 2,919,209	\$ 2,932,891	\$ 5,852,100

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

Orange City 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		
192									N	\$ -						\$ -							\$ -
193									N	\$ -						\$ -							\$ -
194									N	\$ -						\$ -							\$ -
195									N	\$ -						\$ -							\$ -
196									N	\$ -						\$ -							\$ -
197									N	\$ -						\$ -							\$ -
198									N	\$ -						\$ -							\$ -
199									N	\$ -						\$ -							\$ -
200									N	\$ -						\$ -							\$ -
201									N	\$ -						\$ -							\$ -

Orange City 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		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments	
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	2,670,045	1	1,310,405	1,094,943	6,078,970	E1: ROPS 15-16 PPA; G1: ROPS16-17A RPTTF	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	32,499	111		188,070	7,491,489	G2: ROPS 16-17B RPTTF \$2,499,552 + ROPS 17-18A RPTTF \$4,991,937	
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	3,563	69		94,053	7,664,607	F3 + G3: ROPS 16-17 EXPENDITURE	
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)					4,991,937	G4: ROPS 17-18A RPTTF	
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					913,915	ROPS 16-17 PPA
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 2,698,981	\$ 43	\$ 1,310,405	\$ 1,188,960	\$ 0		

Orange City Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments

RESOLUTION NO. SAORA-032

A RESOLUTION OF THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE ORANGE REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE FISCAL PERIOD FROM JULY 1, 2019 THROUGH JUNE 30, 2020, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 AND TAKING CERTAIN RELATED ACTIONS.

WHEREAS, pursuant to Health and Safety Code Section 34177(o), the Successor Agency to the Orange Redevelopment Agency (the Successor Agency) must prepare a Recognized Obligation Payment Schedule listing the anticipated payments for enforceable obligations to be made by the Successor Agency during the fiscal period from July 1, 2019 through June 30, 2020 (ROPS 19-20) and submit ROPS 19-20 to the oversight board of the Successor Agency (the Oversight Board) for approval; and

WHEREAS, pursuant to Health and Safety Code Section 34177(1)(2)(B), at the same time that the Successor Agency submits ROPS 19-20 to the Oversight Board for approval, the Successor Agency must submit a copy of such ROPS 19-20 to the State Department of Finance (the DOF), the County administrative officer, and the County Auditor-Controller; and

WHEREAS, pursuant to Health and Safety Code Section 34177(1)(2) and Section 34177 (o)(1), the Successor Agency must: (i) submit the Oversight Board-approved ROPS 19-20 to the DOF, the Office of the State Controller, and the County Auditor-Controller no later than February 1, 2019, and (ii) post a copy of the Oversight Board-approved ROPS 19-20 on the Successor Agency's website.

NOW THEREFORE, the Governing Board of the Successor Agency to the Orange Redevelopment Agency does hereby find, determine, resolve, and order as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. ROPS 19-20, substantially in the form attached hereto as Exhibit A, is hereby approved. The Executive Director of the Successor Agency, in consultation with the Successor Agency's legal counsel, may modify ROPS 19-20 as the Executive Director or the Successor Agency's legal counsel deems necessary or advisable.

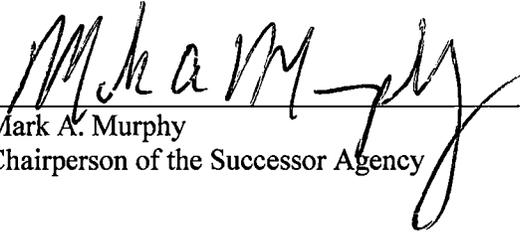
Section 3. Staff is hereby authorized and directed to submit a copy of ROPS 19-20 to the Oversight Board for approval and, at the same time, transmit a copy of ROPS 19-20 to the DOF, the County Auditor-Controller and the County administrative officer as designated by the County.

Section 4. Staff is hereby authorized and directed to submit a copy of Oversight Board-approved ROPS 19-20 to the DOF, the Office of the State Controller, and the County Auditor-Controller. If the Oversight Board has not approved ROPS 19-20 by February 1, 2019, Staff is hereby authorized and directed to transmit ROPS 19-20 to the DOF, the Office of the State Controller, and the County Auditor-Controller by February 1, 2019, with a written notification regarding the status of the Oversight Board's review. Written notice and information regarding the action of the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing.

Section 5. Staff is hereby authorized and directed to post a copy of the Oversight Board-approved ROPS 19-20 on the Successor Agency's Internet website (being a page on the Internet website of the City of Orange).

Section 6. The officers and other Staff members of the Successor Agency 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 but not limited to requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and making adjustments to ROPS 19-20 pursuant to the DOF's instructions, and any such actions previously taken are hereby ratified and confirmed.

PASSED AND ADOPTED this 8th day of January 2019.



Mark A. Murphy
Chairperson of the Successor Agency

ATTEST:



Pamela Coleman
Clerk of the Successor Agency
to the Orange Redevelopment Agency

STATE OF CALIFORNIA)
COUNTY OF ORANGE)
CITY OF ORANGE)

I hereby certify that the foregoing Resolution was duly and regularly adopted by Governing Board of the Successor Agency to the Orange Redevelopment Agency at a regular meeting thereof held on the 8th day of January 2018, by the following vote:

AYES: BOARD MEMBERS: Alvarez, Murphy, Nichols, Monaco
NOES: BOARD MEMBERS: None
ABSENT: BOARD MEMBERS: None
ABSTAIN: BOARD MEMBERS: None



Pamela Coleman
Clerk of the Successor Agency
to the Orange Redevelopment Agency

EXHIBIT A

**SUCCESSOR AGENCY TO THE ORANGE REDEVELOPMENT AGENCY
RECOGNIZED OBLIGATION PAYMENT SCHEDULE
(July 1, 2018 – June 30, 2019)**

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Orange City
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):	\$ 5,250	\$ 15,300	\$ 20,550
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	5,250	15,300	20,550
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 2,913,959	\$ 2,917,591	\$ 5,831,550
F RPTTF	2,788,959	2,792,591	5,581,550
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):	\$ 2,919,209	\$ 2,932,891	\$ 5,852,100

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 _____
Ms. M. J. ... _____
Signature Date 1-14-19

Orange City Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see Cash Balance Tips Sheet.

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	2,670,045	1	1,310,405	1,094,943	6,078,970	E1: ROPS 15-16 PPA; G1: ROPS16-17A RPTTF
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	32,499	111		188,070	7,491,489	G2: ROPS 16-17B RPTTF \$2,499,552 + ROPS 17-18A RPTTF \$4,991,937
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	3,563	69		94,053	7,664,607	F3 + G3: ROPS 16-17 EXPENDITURE
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)					4,991,937	G4: ROPS 17-18A RPTTF
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		913,915	ROPS 16-17 PPA
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 2,698,981	\$ 43	\$ 1,310,405	\$ 1,188,960	\$ 0	

Orange City 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	19-20A (July - December)					19-20B (January - June)					W		
											Fund Sources					19-20A Total	Fund Sources					19-20B Total	
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF			Admin RPTTF
2	2008 A&B and 2014A Bonds	Fees	6/1/1997	9/1/2037	US Bank	Fiscal agent fees	Orange Merged	\$ 56,954,814	Y	\$ 5,852,100	\$ 0	\$ 0	\$ 5,250	\$ 2,788,959	\$ 125,000	\$ 2,919,209	\$ 0	\$ 0	\$ 15,300	\$ 2,792,591	\$ 125,000	\$ 2,932,891	
3	2008 A&B and 2014A Bonds	Fees	6/1/1997	9/1/2037	Willdan	Bond disclosure fee	Orange Merged	174,165	Y	\$ -						\$ -						\$ -	
4	2008 A&B and 2014A Bonds	Fees	5/22/2012	9/1/2037	Richards, Watson & Gershon	Bond counsel	Orange Merged	16,500	N	\$ 5,000			2,500		\$ 2,500			2,500				\$ 2,500	
8	Orange City Mills	Business Incentive Agreements	9/10/1996	1/20/2019	Mills Limited Partnership	Promissory note based on performance	Orange Merged	0	Y	\$ -						\$ -						\$ -	
49	Retirement Cost Obligation	Unfunded Liabilities	8/16/1983	7/5/2039	Cal PERS	Future retirement cost obligation	Orange Merged		Y	\$ -						\$ -						\$ -	
60	2008 Tax Allocation Bonds Series A	Bonds Issued On or Before 12/31/10	5/1/2008	5/1/2038	US Bank	To fund Orange Merged & Amended	Orange Merged	0	Y	\$ -						\$ -						\$ -	
61	2008 Tax Allocation Bonds Series B	Bonds Issued On or Before 12/31/10	5/1/2008	5/1/2038	US Bank	To fund Orange Merged & Amended	Orange Merged	5,623,738	N	\$ 653,550				328,209		\$ 328,209				325,341		\$ 325,341	
70	Successor Agency Administrative Costs	Admin Costs	8/16/1983	7/5/2039	various	Costs for maintaining Successor Agency operations	Orange Merged	250,000	N	\$ 250,000					125,000	\$ 125,000					125,000	\$ 125,000	
128	2014 Tax Allocation Refunding Bonds Series A	Bonds Issued After 12/31/10	12/4/2014	9/1/2023	US Bank	2014 Bond Refunding of the 1997 Tax Allocation Parity Bonds, Series A and the 2003 Tax Allocation Refunding Bonds, Series A. DOF approved Resolution No. OB-0055 that authorized the bond refunding and issuance.	Orange Merged	18,126,500	N	\$ 4,018,000				2,005,750		\$ 2,005,750				2,012,250		\$ 2,012,250	
130	2018 Tax Allocation Refunding Bonds Series A	Bonds Issued After 12/31/10	7/12/2018	9/1/2036	US Bank	2018 Bond Refunding of the 2008 Tax Allocation Bonds, Series A. DOF approved Resolution No. OB-0078 that authorized the bond refunding and issuance.	Orange Merged	32,424,111	N	\$ 910,000				455,000		\$ 455,000				455,000		\$ 455,000	
131	2008B, 2014A, & 2018A Bonds	Fees	6/1/1997	9/1/2036	US Bank	Fiscal agent fees	Orange Merged	87,700	N	\$ 7,300			2,750			\$ 2,750				4,550		\$ 4,550	
132	2008B, 2014A, & 2018A Bonds	Fees	6/1/1997	9/1/2036	Willdan	Bonds disclosure/arbitrage fees	Orange Merged	79,650	N	\$ 8,250						\$ -				8,250		\$ 8,250	
133									N	\$ -						\$ -						\$ -	
134									N	\$ -						\$ -						\$ -	
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193									N	\$ -						\$ -						\$ -	

Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5K

From: Successor Agency to the San Juan Capistrano Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving the Annual Recognized Obligation Payment Schedule (ROPS) and Successor Agency Administrative Budget for Fiscal Year 2019-20

Recommended Action:

Approve the resolution authorizing the Fiscal Year 2019-20 ROPS and Administrative Budget for the San Juan Capistrano Successor Agency

The San Juan Capistrano Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS 19-20) and Administrative Budget for Fiscal Year 2019-20.

The ROPS 19-20 (Attachment 2) sets forth estimates of the amounts that are required to be paid by the Successor Agency in Fiscal Year 2019-20 for approved enforceable obligations. The amounts reported in the ROPS 19-20 were determined using the terms of payment set forth in the agreements associated with the approved obligations of the former redevelopment agency.

The majority of the obligation payments are for payments of principal and interest on bonds that were issued by the former Redevelopment Agency or the Successor Agency. In addition to the bond payments, the obligation payments include interest only payments on two promissory notes, payments to repay loans originally made by the City of San Juan Capistrano, payments to private parties as the result of developer agreements or owner participation agreements, and payments associated with the annual costs to administer the Successor Agency. The table below summarizes the amounts estimated for payment:

Bond payments	\$3,339,762
Development agreement payments	405,146
Kinoshita note interest payments	479,802
Payments on City/Agency loans	400,000
Administrative cost allowance	<u>250,000</u>
Total	\$4,874,710

The Successor Agency is also required to prepare an Administrative Budget for Fiscal Year 2019-20 (Attachment 5). The amount reflected in the Administrative Cost Budget is the amount stipulated by California law for Successor Agencies that annually receive less than \$8,000,000 of property tax revenue.

On January 15, 2019, the ROPS 19-20 and the Administrative Budget of the Successor Agency for Fiscal Year 2019-20 are scheduled to be presented to the San Juan Capistrano Successor Agency for approval.

Impact on Taxing Entities

Approval of the ROPS 19-20 and the administrative budget of the San Juan Capistrano Successor Agency for Fiscal Year 2019-20 is expected to result in the distribution of over \$900,000 of tax increment funding to the taxing entities.

Attachments

- Attachment 1 – Proposed Oversight Board Resolution –ROPS 19-20
- Attachment 2 – ROPS 19-20
- Attachment 3 – Placeholder for Successor Agency Resolution –ROPS 19-20
- Attachment 4 – Proposed Oversight Board Resolution – Administrative Cost Budget for July 1, 2019, through June 30, 2020
- Attachment 5 – Administrative Cost Budget for July 1, 2019, through June 30, 2020
- Attachment 6 – Placeholder for Successor Agency Resolution – Administrative Cost Budget for July 1, 2019, through June 30, 2020

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH
OVERSIGHT OF THE SUCCESSOR AGENCY TO THE SAN JUAN CAPISTRANO
COMMUNITY REDEVELOPMENT AGENCY APPROVING A RECOGNIZED
OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD FROM JULY 1, 2019,
THROUGH JUNE 30, 2020 (ROPS 19-20)

WHEREAS, the San Juan Capistrano Community Redevelopment Agency (“Agency”) was a community redevelopment agency duly organized and existing under the California Community Redevelopment Law, Health & Safety Code Section 33000, *et seq.*, which was authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council (“City Council”) of the City of San Juan Capistrano (“City”); and

WHEREAS, Assembly Bill X1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws cause the dissolution and wind down of all redevelopment agencies (“Dissolution Act”); and

WHEREAS, on December 29, 2011, in the petition *California Redevelopment Association v. Matosantos*, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California were dissolved as of and on February 1, 2012, under the dates in the Dissolution Act that were reformed and extended thereby; and

WHEREAS, the Agency is now a dissolved redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, by a resolution considered and approved by the City Council at an open public meeting the City chose to become and serve as the successor agency to the dissolved Agency under the Dissolution Act; and

WHEREAS, Assembly Bill 1484, enacted on June 27, 2012, and Senate Bill 107 enacted on September 22, 2015, made certain amendments to the Dissolution Act, including the process for adopting Recognized Obligation Payment Schedules (ROPS); and

WHEREAS, as of and on and after February 1, 2012, the City Council serves and acts as the “Successor Agency” and will perform its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency’s affairs, which are now subject to review and approval by the Orange Countywide Oversight Board (“Oversight Board”); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of the Dissolution Act; and

WHEREAS, pursuant to Section 34171(h) of the Dissolution Act, a “Recognized Obligation Payment Schedule” means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in subdivisions (l) and (m) of Section 34177 of the Dissolution Act; and

WHEREAS, pursuant to subdivision (o) (1) of Section 34177, for each period from July 1 to June 30, the Successor Agency is required to submit an annual ROPS to the State Department of Finance and the County Auditor-Controller no later than February 1, of each year; and

WHEREAS, pursuant to subdivisions (l), (m) and (o) of Section 34177 of the Dissolution Act, staff of the City, acting on behalf of the Successor Agency, prepared and submitted to the Successor Agency, the Recognized Obligation Payment Schedule for the period covering July 1, 2019, through June 30, 2020 (ROPS 19-20), in the form attached to this Resolution as Exhibit A and incorporated herein by this reference; and

WHEREAS, the City Council, acting as the governing body of the Successor Agency adopted Resolution SACRA 19-01-15-XX on January 15, 2019, approving the Recognized Obligation Payment Schedule for the period covering July 1, 2019, through June 30, 2020 (ROPS 19-20), and authorizing the Executive Director and/or the Finance Officer of the Successor Agency, or their authorized designees, to make such augmentations, modifications, additions or revisions as they may deem appropriate; and

WHEREAS, Resolution SACRA 19-01-15-XX also directed the Executive Director or authorized designees to transmit the approved ROPS 19-20 to the Oversight Board, the County Administrative Officer, the County Auditor-Controller, the State Controller's Office, and the State Department of Finance, and to cause the approved ROPS 19-20 to be posted on the City's website, all in accordance with Section 34177(1)(2)(C) of the Dissolution Act, and take other actions necessary to obtain approval of the ROPS 19-20 from the Oversight Board and the State Department of Finance; and

WHEREAS, pursuant to Section 34177(1)(2)(B) of the Dissolution Act, staff of the City, acting on behalf of the Successor Agency, provided notice of this Oversight Board action, along with the ROPS 19-20 and staff report submitted to the Oversight Board herewith, to the County Executive Officer, the County Auditor-Controller, and the State Department of Finance, concurrently with the posting of the Agenda for this Oversight Board action; and

WHEREAS, pursuant to Sections 34177(1)(2)(B) and 34180(g) of the Dissolution Act, the Oversight Board has received and reviewed the ROPS 19-20 and desires to approve the ROPS 19-20 in substantially the form attached to this Resolution as Exhibit A; and

WHEREAS, pursuant to Section 34177(m) of the Dissolution Act, the State Department of Finance shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the ROPS is submitted;

NOW, THEREFORE, THE ORANGE COUNTYWIDE OVERSIGHT BOARD DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The Oversight Board hereby approves the revised ROPS 19-20 in the form attached to this Resolution as Exhibit A, which is incorporated herein by this reference.

Section 3. The Oversight Board hereby authorizes the Executive Director and/or the Finance Officer, acting on behalf of the Successor Agency, or their authorized designees, to make such

augmentations, modifications, additions or revisions as they may deem appropriate and as may be directed by the City Council, acting as the governing board of the Successor Agency.

Section 4. The Executive Director or his authorized designees on behalf of the Successor Agency are directed to transmit the approved ROPS 19-20 to the County Auditor-Controller, the State Controller's Office, and the State Department of Finance, and to cause the approved ROPS to be posted on the City's website, all in accordance with Section 34177(1)(2)(B) and (C) of the Dissolution Act and take other actions necessary to obtain approval of the ROPS from the Oversight Board and the State Department of Finance.

Section 5. Pursuant to Health and Safety Code Section 34177(o)(1), this Resolution shall be submitted to the California Department of Finance by February 1, 2019, and the California Department of Finance shall issue its determination and approval no later than April 15, 2019.

Section 6. The Clerk of the Orange Countywide Oversight Board shall certify to the adoption of this Resolution.

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: _____

County: San Juan Capistrano
 Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		19-20A Total	19-20B Total	ROPS 19-20 Total
		(July - December)	(January - June)	
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 1,584,085	\$ 3,290,625	\$ 4,874,710
F	RPTTF	1,459,085	3,165,625	4,624,710
G	Administrative RPTTF	125,000	125,000	250,000
H	Current Period Enforceable Obligations (A+E):	\$ 1,584,085	\$ 3,290,625	\$ 4,874,710

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

San Juan Capistrano 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	19-20A (July - December)					19-20B (January - June)					W	
											Fund Sources					Fund Sources						
											L	M	N	O	P	Q	R	S	T	U		V
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
								\$ 48,728,020		\$ 4,874,710	\$ 0	\$ 0	\$ 0	\$ 1,459,085	\$ 125,000	\$ 1,584,085	\$ 0	\$ 0	\$ 0	\$ 3,165,625	\$ 125,000	\$ 3,290,625
3	2008 Tax Allocation Bonds, Series A	Bonds Issued On or Before 12/31/10	6/3/2008	8/1/2033	U.S. Bank, N.A.	Finance Agency Projects in the Central Project Area consistent with the	Central	9,503,185	N	\$ 645,081						\$ -				645,081		\$ 645,081
4	2008 Tax Allocation Bonds, Series B (Taxable)	Bonds Issued On or Before 12/31/10	6/3/2008	8/1/2033	U.S. Bank, N.A.	Finance Agency Affordable Housing Projects	Central	13,909,153	N	\$ 945,250						\$ -				945,250		\$ 945,250
5	Tax Allocation Bond Reserve Set-Aside (See Notes)	Reserves	1/1/2014	6/30/2018	U.S. Bank, N.A.	Reserve set-aside for August 1, 2019 debt service payment - H&S Code Section 34171(b)	Central		N	\$ -						\$ -						\$ -
6	OPA-Fluidmaster	OPA/DDA/Construction	6/17/1997	12/31/2019	Fluidmaster, Inc.	Elimination of Blight/Economic Development	Central	34,760	N	\$ 34,760				34,760		\$ 34,760						\$ -
7	OPA-Capistrano Volkswagen	OPA/DDA/Construction	4/17/2001	6/30/2020	Miles Brandon	Elimination of Blight/Business Retention	Central	41,783	N	\$ 35,000						\$ -				35,000		\$ 35,000
8	OPA-Serra Vista	OPA/DDA/Construction	4/1/2003	6/30/2019	Sierra Vista Partners	Elimination of Blight/Economic Development	Central	5,386	N	\$ 5,386				5,386		\$ 5,386						\$ -
9	Agreement-TCAG Ford	OPA/DDA/Construction	10/19/2010	3/1/2038	Tuttle Click Automotive Group (TCAG, Inc.)	Elimination of Blight/Business Retention	Central	954,777	N	\$ 155,000				150,000		\$ 150,000				5,000		\$ 5,000
10	Agreement-OC Chrysler	OPA/DDA/Construction	1/7/2011	6/30/2031	Chrysler Group Realty Co., LLC	Elimination of Blight/Economic Development	Central	514,380	N	\$ 175,000				93,000		\$ 93,000				82,000		\$ 82,000
12	Kinoshita Acquisition - Note Extension (interest payments through March 1, 2021)	Third-Party Loans	2/28/2011	3/1/2021	Kinoshita Enterprises, L.P.	Property Acquisition/parks & Ag. Preservation	Central	4,503,918	N	\$ 234,988				117,494		\$ 117,494				117,494		\$ 117,494
13	Kinoshita Acquisition - Note Extension (interest payments through March 1, 2021)	Third-Party Loans	2/28/2011	3/1/2021	Bobby Kinoshita Investment Enterprises, L.P.	Property Acquisition/parks & Ag. Preservation	Central	4,692,284	N	\$ 244,814				122,407		\$ 122,407				122,407		\$ 122,407
14	Kinoshita Note Principal Payment Set-aside	Third-Party Loans	2/28/2011	3/1/2021	See Items 12-13 above	Reserve set-aside for March 1, 2021 principal payment on both notes - \$7,996,697.	Central		N	\$ -						\$ -						\$ -
16	Tax Anticipation Agreement (City/Agency Loan #1-See Notes)	City/County Loan (Prior 06/28/11), Cash exchange	1/20/1988	6/30/2026	City of San Juan Capistrano	Elimination of Blight/Economic Development	Central	601,575	N	\$ 300,000				150,000		\$ 150,000				150,000		\$ 150,000
17	Trulis Acquisition - Loan Agreement (City/Agency Loan #2 - See Notes)	City/County Loan (Prior 06/28/11), Cash exchange	10/1/1998	6/30/2026	City of San Juan Capistrano	Property Acquisition/Elimination of Blight	Central	108,126	N	\$ 100,000				50,000		\$ 50,000				50,000		\$ 50,000
18	Administration Loan Agreement (City/Agency Loan #3 - See Notes)	City/County Loan (Prior 06/28/11), Cash exchange	6/1/2004	6/30/2026	City of San Juan Capistrano	Administration/Project Costs	Central		N	\$ -						\$ -						\$ -
28	Administrative Cost Allowance	Admin Costs	7/1/2014	6/30/2018	City of San Juan Capistrano	3% allowance for administrative costs incurred.	Central	250,000	N	\$ 250,000					125,000	\$ 125,000					125,000	\$ 125,000
32	Legal Costs associated with assets, obligations and property.	Litigation	8/20/1991	6/30/2017	Straddling, Yocca, Carlson & Rauth	Section 34171(b) - cost of maintaining assets prior to disposition	Central		N	\$ -						\$ -						\$ -
51	Lower Rosan Ranch - 2016 Subordinated Tax Allocation Note (See Notes)	Refunding Bonds Issued After 6/27/12	11/1/2016	8/1/2021	Western Alliance Bank	Refunding F&M Note	Central	2,193,559	N	\$ 745,454				372,727		\$ 372,727				372,727		\$ 372,727
52	Costs associated with selling properties (appraisals, surveys, etc.)	Property Dispositions	9/27/2016	9/27/2017	DMG, Inc.	Appraisal of properties that are to be sold and the proceeds distributed to the taxing entities	Central		N	\$ -						\$ -						\$ -
53	2018 Tax Allocation Refunding Bonds	Refunding Bonds Issued After 6/27/12	8/23/2018	2/1/2033	U.S. Bank, N.A.	Principal payment on refunding bonds to refinance Kinoshita notes	Central	11,415,134	N	\$ 1,003,977				363,311		\$ 363,311				640,666		\$ 640,666
54	2018 Tax Allocation Refunding Bonds - Reserve Set-Aside (see notes)	Reserves	8/23/2018	2/1/2033	U.S. Bank, N.A.	Reserve set-aside for August 1, 2019 debt service payment - H&S Code Section 34171(b)	Central		N	\$ -						\$ -						\$ -
55									N	\$ -						\$ -						\$ -

San Juan Capistrano Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H				
								Fund Sources			
								Bond Proceeds	Reserve Balance	Other Funds	RPTTF
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments				
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	1,774,450				557,559	Actual ROPS Fund Cash Balance of \$2,518,388 less \$1,960,829 RPTTF received in June 2016				
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	787			45,000	5,041,377	June 2016 RPTTF Receipt of \$1,960,829 and January 2017 RPTTF Receipt \$3,080,548				
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)				45,000	3,152,083	Actual payments per Prior Period Adjustment Report (L7)				
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)	1,775,237				325,869	Reserve Balance from ROPS 17-18 (M6)				
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					1,961,416	Actual adjustment per Prior Period Adjustment Report (M7)				
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	159,568				

Orange Countywide Oversight Board
Placeholder for Pending Resolution

Date: 1/22/2019

From: Successor Agency to the San Juan Capistrano Redevelopment Agency

Subject: Resolution of the San Juan Capistrano City Council Approving the 2019-20 ROPS

The resolution of the San Juan Capistrano City Council (acting as the Successor Agency Board of Directors) approving the 2019-20 ROPS will be voted upon at their 1/15/2019 meeting. As such, the resolution is not yet available for submission but will be provided before the Countywide Oversight Board votes upon its resolution regarding the 2019-20 ROPS.

Resolution No. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE SAN JUAN
CAPISTRANO COMMUNITY REDEVELOPMENT AGENCY APPROVING
THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FROM JULY 1,
2019, TO JUNE 30, 2020, PURSUANT TO HEALTH AND SAFETY CODE
SECTION 34177(j).

WHEREAS, the San Juan Capistrano Community Redevelopment Agency (“Agency”) was established as a community redevelopment agency duly organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, et seq. (“CRL”), and has been authorized to transact business and exercise the power of a redevelopment agency pursuant to action of the City Council (“City Council”) of the City of San Juan Capistrano (“City”); and

WHEREAS, Assembly Bill X1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which laws cause the dissolution and wind down of all redevelopment agencies (the “Dissolution Act”); and

WHEREAS, the Agency is now a dissolved redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, by Resolution No. 12-01-10-01 approved by the City Council at an open meeting on January 10, 2012, the City chose to become and serve as the successor agency to the dissolved Agency under the Dissolution Act; and

WHEREAS, as of and on and after February 1, 2012, the City serves and acts as the “Successor Agency” and will perform its functions as the successor agency under the Dissolution Act to administer all enforceable obligations of the Agency and otherwise unwind the Agency’s affairs, which are now subject to review and approval by the Orange Countywide Oversight Board (“Oversight Board”); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, Health and Safety Code Section 34177(j) requires the Successor Agency to prepare a proposed Administrative Budget covering the periods from July 1, 2019, through December 31, 2019, and January 1, 2020, through June 30, 2020; and

WHEREAS, pursuant to Section 34177(j), the Successor Agency’s “Administrative Budget” is to include all of the following: (a) estimated amounts of the Successor Agency’s administrative costs for the upcoming six month fiscal period; (b) the proposed sources of payment

for the administrative costs; and (c) proposals for arrangements for administrative and operations services provided by the City as Successor Agency; and

WHEREAS, pursuant to Section 34180(h) the Successor Agency may request authorization from the Oversight Board and the City of San Juan Capistrano to enter into an agreement to ensure provision of the necessary services from the City to support Successor Agency responsibilities in winding down the activities of the former Agency, including the estimated costs set forth in the Administrative Budget; and

WHEREAS, the former local Oversight Board adopted Resolution No. 12-05-02-01 on May 2, 2012, to authorize the Successor Agency to enter into an “Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan” (“Costs Reimbursement Agreement”), which agreement authorizes the reimbursement of costs incurred by the City to support Successor Agency operations and obligations; and

WHEREAS, the City Council, acting as the governing body of the Successor Agency adopted Resolution SACRA 19-01-15-XX, on January 15, 2019, approving the Administrative Budget for the period from July 1, 2019, to June 30, 2020; and

WHEREAS, the Successor Agency’s proposed Administrative Budget for the period from July 1, 2019, to June 30, 2020, has been submitted to the Oversight Board for its review and approval; and

WHEREAS, the Administrative Budget, as approved by the Oversight Board, will be provided to the County of Orange Auditor-Controller pursuant to Health and Safety Code Section 34177(k) so that the Successor Agency’s estimated administrative costs in the approved Administrative Budget will be paid from available property tax revenues deposited into the Redevelopment Property Tax Trust Fund first, then reserves for the upcoming six-month period;

NOW, THEREFORE, THE ORANGE COUNTYWIDE OVERSIGHT BOARD DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. Pursuant to HSC Section 34177(j), the Oversight Board approves the Successor Agency’s proposed Administrative Budget, attached hereto as Exhibit A and incorporated by this reference.

Section 3. This Resolution shall take effect immediately upon adoption.

Section 4. The Clerk of the Orange Countywide Oversight Board shall certify to the adoption of this Resolution.

SUCCESSOR AGENCY ADMINISTRATIVE BUDGET

July 1, 2019, through June 30, 2020

Obligation Type	Description	July 1, 2019, through December 31, 2019, (ROPS 19-20A)	January 1, 2020, through June 30, 2020, (ROPS 19-20B)	Fiscal Year 2019-2020 Total
Administrative Cost Allowance ⁽¹⁾	Successor Agency share of City employee's salaries and benefits as well as banking, legal and bond administration costs associated with outstanding debt of the former redevelopment agency	\$125,000	\$125,000	\$250,000
Total Administrative Expenses		\$125,000	\$125,000	\$250,000
Funding Source				
RPTTF		\$125,000	\$125,000	\$250,000
Other Funds		\$0	\$0	\$0
Total - All Funding Sources		\$125,000	\$125,000	\$250,000

(1) For Fiscal Year 2019-20, the City, as the Successor Agency, is entitled to receive up to 3% of the portion of its Redevelopment Property Tax Trust Fund (RPTTF), but not less than \$250,000, to meet the administrative expenses of serving as the Successor Agency.

Orange Countywide Oversight Board
Placeholder for Pending Resolution

Date: 1/22/2019

From: Successor Agency to the San Juan Capistrano Redevelopment Agency

Subject: Resolution of the San Juan Capistrano City Council Approving the 2019-20 Administrative Budget of the Successor Agency

The resolution of the San Juan Capistrano City Council (acting as the Successor Agency Board of Directors) approving the 2019-20 Administrative Budget will be voted upon at their 1/15/2019 meeting. As such, the resolution is not yet available for submission but will be provided before the Countywide Oversight Board votes upon its resolution regarding the 2019-20 Administrative Budget.

Orange Countywide Oversight Board

Date: 1/22/2019 Agenda Item No. 5L

From: Successor Agency to the Seal Beach Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving a Recognized Obligation Payment Schedule for the Fiscal Period from July 1, 2019 through June 30, 2020, pursuant to Health and Safety Code Section 34177 and taking Related Actions

Recommended Action:

Adopt resolution to approve a Recognized Obligation Payment Schedule for the Fiscal Period from July 1, 2019 through June 30, 2020, of the Successor Agency and taking related actions.

Pursuant to Section 34177 of the Health and Safety Code (“HSC”), the Successor Agency must prepare a Recognized Obligation Payment Schedule (“ROPS”) annually, listing the anticipated payments for enforceable obligations to be made from July 1 through the following June 30. All ROPS must be approved by the Oversight Board. Furthermore, each Oversight Board-approved ROPS must be submitted to the DOF for review.

The preparation and submittal of ROPS 19-20 are for the purpose of allowing the Successor Agency to pay its enforceable obligations for the period from July 1, 2019 to June 30, 2020. HSC Section 34177 requires the Successor Agency to submit an Oversight Board-approved ROPS 19-20 to the DOF and to the County Auditor-Controller no later than February 1, 2019.

The DOF may eliminate or modify any item on the ROPS before approving the ROPS. The DOF must make its determination regarding the enforceable obligations and the amount and funding source for each enforceable obligation listed on ROPS 19-20 no later than April 15, 2019. Within five business days of the DOF’s determination, the Successor Agency may request to “meet and confer” with the DOF on disputed items. The DOF will issue its final determination after the meet and confer.

The County Auditor-Controller is required to make RPTTF disbursements to the Successor Agency pursuant to the DOF-approved ROPS 19-20 on June 1, 2019 (to cover enforceable obligation payments from July 1, 2019 through December 31, 2019) and January 2, 2020 (to cover enforceable obligation payments from January 1, 2020 through June 30, 2020).

Impact on Taxing Entities:

The submittal of ROPS 19-20 is for the purpose of allowing the Successor Agency to pay its enforceable obligations for the period from July 1, 2019 to June 30, 2020. The County Auditor-Controller will distribute to the taxing entities residual amounts from the RPTTF after: (i) deduction for County administrative expenses, (ii) pass-through payments, and (iii) enforceable obligations and administrative costs, as approved on the ROPS.

Orange Countywide Oversight Board

Attachments:

Attachment 1 -- Proposed Oversight Board Resolution (with Exhibit A -- ROPS 19-20)

Attachment 2 -- Resolution of the Successor Agency

Resolution 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE SEAL BEACH
REDEVELOPMENT AGENCY APPROVING A RECOGNIZED
OBLIGATION PAYMENT SCHEDULE FOR THE FISCAL PERIOD FROM
JULY 1, 2019 THROUGH JUNE 30, 2020, PURSUANT TO HEALTH AND
SAFETY CODE SECTION 34177 AND TAKING RELATED ACTIONS

WHEREAS, pursuant to Health and Safety Code Section 34177(o), the Successor Agency to the Seal Beach Redevelopment Agency (the "Successor Agency") must prepare a Recognized Obligation Payment Schedule listing the anticipated payments for enforceable obligations to be made by the Successor Agency during the fiscal period from July 1, 2019 through June 30, 2020 ("ROPS 19-20") and submit ROPS 19-20 to the oversight board with jurisdiction over the Successor Agency for approval; and

WHEREAS, pursuant to Health and Safety Code Section 34179(j), commencing on and after July 1, 2018, the Orange Countywide Oversight Board (the "Oversight Board") has jurisdiction over the Successor Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(2)(C) and Section 34177(o)(1), the Successor Agency must: (i) submit the Oversight Board-approved ROPS 19-20 to the State Department of Finance (the "DOF"), the Office of the State Controller, and the County Auditor-Controller no later than February 1, 2019, and (ii) post a copy of the Oversight Board-approved ROPS 19-20 on the Successor Agency's website;

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD does hereby resolve as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the proposed ROPS 19-20, substantially in the form attached hereto as Exhibit A. Staff of the Successor Agency is hereby authorized and directed to: (i) submit a copy of Oversight Board-approved ROPS 19-20 to the DOF, the Office of the State Controller, and the County Auditor-Controller and (ii) post a copy of the Oversight Board-approved 19-20 on the Successor Agency's Internet website (being a page on the Internet website of the City of Seal Beach).

Section 3. The Staff of the Successor Agency 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 but not limited to requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and making adjustments to ROPS 19-20 pursuant to the DOF's instructions, and any such actions previously taken are hereby ratified and confirmed.

EXHIBIT A

SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY
RECOGNIZED OBLIGATION PAYMENT SCHEDULE
(July 1, 2019 – June 30, 2020)

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Seal Beach
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 961,479	\$ 295,782	\$ 1,257,261
F RPTTF	714,669	93,409	808,078
G Administrative RPTTF	246,810	202,373	449,183
H Current Period Enforceable Obligations (A+E):	\$ 961,479	\$ 295,782	\$ 1,257,261

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

Seal Beach 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	19-20A (July - December)					19-20B (January - June)					W	
											Fund Sources					Fund Sources						
											L	M	N	O	P	Q	R	S	T	U		V
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF		Admin RPTTF
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												
1	2000 Tax Allocation Bond A	Bonds Issued On or Before	12/20/2000	12/20/2023	Bond Holders Via Bank of	These bonds are due in annual	Riverfront	\$ 1,889,183	N	\$ 1,257,261	\$ 0	\$ 0	\$ 0	\$ 714,669	\$ 246,810	\$ 961,479	\$ 0	\$ 0	\$ 0	\$ 93,409	\$ 202,373	\$ 295,782
2	2000 Tax Allocation Bond B	Bonds Issued On or Before	12/20/2000	12/20/2018	Bond Holders Via Bank of	These bonds are due in annual	Riverfront	1,290,000	Y	\$ 658,078						\$ 639,669				18,409		\$ 18,409
		12/31/10			New York	installments and is payable semi - annually on September 1 and March 1. These bonds are collateralized by a first pledge of the incremental tax revenues to be received by the project area. The bonds provided funds for the acquisition and construction of the project.																
3	2000 Tax Allocation Bond A	Professional Services	12/20/2000	12/20/2023	Bank of New York	FY 17/18 estimated Trustee Fees/Arbitrage Analysis	Riverfront	1,955	N	\$ 1,955						\$ -					1,955	\$ 1,955
4	2000 Tax Allocation Bond B	Professional Services	12/20/2000	12/20/2018	Bank of New York	FY 17/18 estimated Trustee Fees/Arbitrage Analysis	Riverfront	1,796	N	\$ 1,796						\$ -					1,796	\$ 1,796
5	2000 Tax Allocation Bond A	Professional Services	12/20/2000	12/20/2023	Wildan Financial Services	FY 17/18 estimated Trustee Fees/Arbitrage Analysis	Riverfront	1,161	N	\$ 1,161						\$ -					1,161	\$ 1,161
6	2000 Tax Allocation Bond B	Professional Services	12/20/2000	12/20/2018	Wildan Financial Services	FY 17/18 estimated Trustee Fees/Arbitrage Analysis	Riverfront	1,161	N	\$ 1,161						\$ -					1,161	\$ 1,161
7	Mobile Home Park Revenue Bonds (Seal Beach Mobile Home Park Project) Series 2000A; Regulatory Agreement dated December 1, 2000	Bond Reimbursement Agreements	8/31/2005	8/31/2025	Union Bank-Trustee	RDA issued bonds in 2000 to assist Link Community Development Corporation, a Non-Profit Corporation to purchase a mobile home park within the project area. The Regulatory Agreement obligates the RDA to use tax increment to pay a rental subsidy not to exceed \$180,000 per year, to maintain affordable units.	Riverfront	180,000	N	\$ 180,000						\$ -					180,000	\$ 180,000
9	Agreement for Legal Services	Admin Costs	7/1/2007	6/30/2026	Richard Watson & Gershon	Legal services to Successor Agency.	Riverfront	30,000	N	\$ 30,000					15,000	\$ 15,000					15,000	\$ 15,000
10	March 16, 2011 Agreement between Developer and RDA under which the RDA is obligated to pay for the acquisition costs of a sewer line	City/County Loan (Prior 06/28/11), Cash exchange	3/16/2011	3/31/2015	City of Seal Beach	The sewer line provides service to property within the project area; the acquisition costs are \$1,200,000; By resolution dated June 27,2011 the City agreed to advance the money to the RDA. Pursuant to the Resolution, the RDA is obligated to pay 3 equal installments of principal and 6% interest until the advance is paid.	Riverfront	230,510	N	\$ 230,510					230,510	\$ 230,510						\$ -
15	Successor Agency Staff/Oversight board	Admin Costs	4/9/2011	6/30/2016	Successor Agency Staff/Oversight board	Administrative Cost	Riverfront	2,600	N	\$ 2,600					1,300	\$ 1,300					1,300	\$ 1,300
18	Housing Entity Administrative Cost Allowance	Miscellaneous	2/18/2014	6/30/2016	County of Orange	Administrative costs for the Successor Agency Housing Authority		150,000	N	\$ 150,000				75,000		\$ 75,000			75,000			\$ 75,000
19									N	\$ -						\$ -						\$ -
20									N	\$ -						\$ -						\$ -
21									N	\$ -						\$ -						\$ -
22									N	\$ -						\$ -						\$ -
23									N	\$ -						\$ -						\$ -
24									N	\$ -						\$ -						\$ -
25									N	\$ -						\$ -						\$ -
26									N	\$ -						\$ -						\$ -
27									N	\$ -						\$ -						\$ -
28									N	\$ -						\$ -						\$ -
29									N	\$ -						\$ -						\$ -
30									N	\$ -						\$ -						\$ -
31									N	\$ -						\$ -						\$ -
32									N	\$ -						\$ -						\$ -
33									N	\$ -						\$ -						\$ -
34									N	\$ -						\$ -						\$ -
35									N	\$ -						\$ -						\$ -
36									N	\$ -						\$ -						\$ -
37									N	\$ -						\$ -						\$ -
38									N	\$ -						\$ -						\$ -
39									N	\$ -						\$ -						\$ -
40									N	\$ -						\$ -						\$ -
41									N	\$ -						\$ -						\$ -
42									N	\$ -						\$ -						\$ -
43									N	\$ -						\$ -						\$ -
44									N	\$ -						\$ -						\$ -
45									N	\$ -						\$ -						\$ -
46									N	\$ -						\$ -						\$ -
47									N	\$ -						\$ -						\$ -
48									N	\$ -						\$ -						\$ -
49									N	\$ -						\$ -						\$ -
50									N	\$ -						\$ -						\$ -
51									N	\$ -						\$ -						\$ -
52									N	\$ -						\$ -						\$ -
53									N	\$ -						\$ -						\$ -
54									N	\$ -						\$ -						\$ -
55									N	\$ -						\$ -						\$ -
56									N	\$ -						\$ -						\$ -
57									N	\$ -						\$ -						\$ -
58									N	\$ -						\$ -						\$ -
59									N	\$ -						\$ -						\$ -
60									N	\$ -						\$ -						\$ -
61									N	\$ -						\$ -						\$ -
62									N	\$ -						\$ -						\$ -
63									N	\$ -						\$ -						\$ -

Seal Beach 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	19-20A (July - December)					Q	19-20B (January - June)					W	
											Fund Sources						Fund Sources						
											L	M	N	O	P		R	S	T	U	V		
																							Bond Proceeds
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 Total						19-20B Total	
64									N	\$ -						\$ -							\$ -
65									N	\$ -						\$ -							\$ -
66									N	\$ -						\$ -							\$ -
67									N	\$ -						\$ -							\$ -
68									N	\$ -						\$ -							\$ -
69									N	\$ -						\$ -							\$ -
70									N	\$ -						\$ -							\$ -
71									N	\$ -						\$ -							\$ -
72									N	\$ -						\$ -							\$ -
73									N	\$ -						\$ -							\$ -
74									N	\$ -						\$ -							\$ -
75									N	\$ -						\$ -							\$ -
76									N	\$ -						\$ -							\$ -
77									N	\$ -						\$ -							\$ -
78									N	\$ -						\$ -							\$ -
79									N	\$ -						\$ -							\$ -
80									N	\$ -						\$ -							\$ -
81									N	\$ -						\$ -							\$ -
82									N	\$ -						\$ -							\$ -
83									N	\$ -						\$ -							\$ -
84									N	\$ -						\$ -							\$ -
85									N	\$ -						\$ -							\$ -
86									N	\$ -						\$ -							\$ -
87									N	\$ -						\$ -							\$ -
88									N	\$ -						\$ -							\$ -

Seal Beach Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount				0	0	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					994,456	
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)					1,017,642	
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)					0	
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					
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (23,186)	

RESOLUTION SA 19-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO SEAL BEACH REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE FISCAL PERIOD FROM JULY 1, 2019 THROUGH JUNE 30, 2020 AND TAKING RELATED ACTIONS

RECITALS:

A. Pursuant to Health and Safety Code Section 34177(o), the Successor Agency to the Seal Beach Redevelopment Agency (the "Successor Agency") must prepare a Recognized Obligation Payment Schedule listing the anticipated payments for enforceable obligations to be made by the Successor Agency during the fiscal period from July 1, 2020 through June 30, 2020 ("ROPS 19-20") and submit ROPS 19-20 to the oversight board having jurisdiction over the Successor Agency (the "Oversight Board") for approval; and

B. Pursuant to Health and Safety Code Section 34177(l)(2), the Successor Agency must submit ROPS 19-20 to the Oversight Board of the Successor Agency for approval;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. ROPS 19-20, substantially in the form attached hereto as Exhibit A, is hereby approved. The Executive Director of the Successor Agency, in consultation with the Successor Agency's legal counsel, may modify ROPS 19-20 as the Executive Director or the Successor Agency's legal counsel deems necessary or advisable.

Section 3. Staff is hereby authorized and directed to post a copy of the Oversight Board-approved ROPS 19-20 on the Successor Agency's Internet website (being a page on the Internet website of the City of Seal Beach).

Section 4. The officers and the other Staff members of the Successor Agency 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 but not limited to requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and making adjustments to ROPS 19-20 pursuant to the DOF's instructions, and any such actions previously taken are hereby ratified and confirmed.

Section 5. PASSED, APPROVED and ADOPTED by the Successor Agency to the Seal Beach Redevelopment Agency at a regular meeting held on the 14th day of January, 2019 by the following vote:

AYES: Board Members: Deaton, Massa-Lavitt, Moore, Sustarsic, Varipapa

NOES: Board Members: None

ABSENT: Board Members: None

ABSTAIN: Board Members: None



Thomas Moore, Chair

ATTEST:



Dana Engstrom, Secretary



EXHIBIT A
SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY
RECOGNIZED OBLIGATION PAYMENT SCHEDULE
(July 1, 2019 – June 30, 2020)

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
 Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Seal Beach
County: Orange

	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):			
B Bond Proceeds	\$ -	\$ -	\$ -
C Reserve Balance	\$ -	\$ -	\$ -
D Other Funds	\$ -	\$ -	\$ -
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):			
F RPTTF	\$ 961,479	\$ 295,782	\$ 1,257,261
G Administrative RPTTF	714,669	93,409	808,078
H Current Period Enforceable Obligations (A+E):			
	\$ 961,479	\$ 295,782	\$ 1,257,261

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

Seal Beach 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
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments				
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount					0					
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					994,456					
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)					1,017,642					
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)					0					
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									
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	(23,186)				

STATE OF CALIFORNIA }
COUNTY OF ORANGE } SS
CITY OF SEAL BEACH }

I, Dana Engstrom, Secretary of the Successor Agency to the Seal Beach Redevelopment Agency, do hereby certify that the foregoing resolution is the original copy of Resolution SA 19-02 on file in the office of the City Clerk of the City of Seal Beach, passed, approved, and adopted by the Successor Agency to the Seal Beach Redevelopment Agency at a regular meeting held on the 14th day of January, 2019.


Dana Engstrom, Secretary

Orange Countywide Oversight Board

Date: 1/22/2019

From: Successor Agency to the Seal Beach Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Proposed Administrative Budgets for the Six-Month Fiscal Periods from July 1, 2019 through December 31, 2019, and from January 1, 2020 through June 30, 2020 and taking Related Actions

Recommended Action:

Adopt resolution to approve proposed administrative budgets for the fiscal period from July 1, 2019 through December 31, 2019 (“Administrative Budget 19-20A”) and the fiscal period from January 1, 2020 through June 30, 2020 (“Administrative Budget 19-20B”) of the Successor Agency and taking related actions.

Pursuant to 34177(j) of the California Health and Safety Code (“HSC”), the Successor Agency is required to prepare a proposed administrative budget for each six-month fiscal period, which must be submitted to the Oversight Board for approval. Each proposed administrative budget must include all of the following: (1) estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) proposed sources of payment for the administrative costs; and (3) proposals for arrangements for administrative and operations services provided by the City of Seal Beach (the “City”) or another entity.

HSC Section 34177(o) provides that the Successor Agency must also submit an Oversight Board-approved ROPS for fiscal year 2019-20 (“ROPS 19-20”) to the State Department of Finance (“DOF”) and the County Auditor-Controller no later February 1, 2019. A proposed ROPS 19-20 is being presented as a separate agenda item for the Oversight Board’s consideration and approval.

Pursuant to HSC Section 34179(h)(1), Oversight Board resolutions approving the Successor Agency’s administrative budgets are not required to be submitted to the DOF for approval. Therefore, this Resolution will become effective immediately upon adoption.

Impact on Taxing Entities:

The sum of \$38,673 requested pursuant to Administrative Budget 19-20A and the Administrative Budget 19-20B is within the amount allowed pursuant to the dissolution law and is consistent with the prior approved ROPS and Administrative Budgets. The County Auditor-Controller will distribute to the taxing entities residual amounts from the RPTTF after: (i) deduction for County administrative expenses, (ii) pass-through payments, and (iii) enforceable obligations and administrative costs, as approved on the ROPS.

Orange Countywide Oversight Board

Attachments:

Attachment 1 -- Proposed Oversight Board Resolution (with Exhibit A --Administrative Budget 19-20A; and Exhibit B -- Administrative Budget 19-20B)

Attachment 2 -- Resolution of the Successor Agency

Resolution 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE SEAL BEACH
REDEVELOPMENT AGENCY APPROVING PROPOSED
ADMINISTRATIVE BUDGETS FOR THE SIX-MONTH FISCAL PERIODS
FROM JULY 1, 2019 THROUGH DECEMBER 31, 2019, AND FROM
JANUARY 1, 2020 THROUGH JUNE 30, 2020 AND TAKING RELATED
ACTIONS

WHEREAS, pursuant to Health and Safety Code Section 34179(j), commencing on and after July 1, 2018, the Orange Countywide Oversight Board (the "Oversight Board") has jurisdiction over the Successor Agency to the Seal Beach Redevelopment Agency (the "Successor Agency"); and

WHEREAS, pursuant to Health and Safety Code Section 34177(j), the Successor Agency must prepare a proposed administrative budget for each six-month fiscal period (commencing each January 1 and July 1) and submit each proposed administrative budget to the Oversight Board for approval; and

WHEREAS, the Successor Agency's proposed administrative budgets for the six-month fiscal periods from July 1, 2019 through December 31, 2019 ("Administrative Budget 19-20A") and from January 1, 2020 through June 30, 2020 ("Administrative Budget 19-20B" and, together with Administrative Budget 19-20A, the "Administrative Budgets") have been presented to this Oversight Board for approval;

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD does hereby resolve as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves Administrative Budget 19-20A, substantially in the form attached hereto as Exhibit A.

Section 3. The Oversight Board hereby approves Administrative Budget 19-20B, substantially in the form attached hereto as Exhibit B.

Section 4. The Staff of the Successor Agency 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 and the Administrative Budgets, including making any adjustment to the proposed Administrative Budgets to make them consistent with the Successor Agency's Recognized Obligation Payment Schedule for fiscal year 2019-20 (as such Recognized Obligation Payment Schedule is approved by the State Department of Finance).

EXHIBIT A

SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY

ADMINISTRATIVE BUDGET 19-20A

Exhibit A

SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY ADMINISTRATIVE BUDGET

Fiscal Period July 1 - December 31, 2019

CATEGORY I		
<p>The items listed below include amounts to be reimbursed by the Successor Agency to the City of Seal Beach, pursuant to a Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead and other Expenses ("Cooperative Agreement"), by and between the City and the Successor Agency, in the form approved by the Successor Agency Board pursuant to Resolution No. SA 12-10 , adopted on April 9, 2012. Pursuant to the Cooperative Agreement, the Successor Agency reimburses the City for all costs advanced by the City for the administration and operation of the Successor Agency, including but not limited to value of staff, consultants and legal counsel, office space, equipment, supplies, insurance and other services and facilities.</p>		
DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
<u>Staffing for the Successor Agency</u>		
City Manager	285	Administrative Allowance
City Clerk	165	Administrative Allowance
Accountant	112	Administrative Allowance
Accounting Technician - Accounts Payable	101	Administrative Allowance
Accounting Technician - Payroll	95	Administrative Allowance
Finance Manager	164	Administrative Allowance
Director of Finance	324	Administrative Allowance
<u>Staffing for the Oversight Board</u>		
City Manager	-	Administrative Allowance
City Clerk	-	Administrative Allowance
Finance Manager	-	Administrative Allowance
Director of Finance	-	Administrative Allowance
<u>Overhead Cost</u>		
Services/Facilities	55	Administrative Allowance
TOTAL	<u><u>1,300</u></u>	

Exhibit A

SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY ADMINISTRATIVE BUDGET

Fiscal Period July 1 - December 31, 2019

CATEGORY II		
<p>Health & Safety Code Section 34177 (k) states: "Provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the county auditor-controller for each six-month fiscal period." Listed below are the administrative cost items that the Successor Agency anticipates to pay from property tax revenues deposited in the Redevelopment Property Tax Trust Fund. These items may include amounts to be reimbursed by the Successor Agency pursuant to the Cooperative Agreement.</p> <p>Pursuant to Health and Safety Code Section 34177(d)(1)(F), contracts necessary for the administration and operation of the Successor Agency are enforceable obligations. Accordingly, amounts to be paid by the Successor Agency to third party vendors for equipment and supplies necessary for the administration of the Successor Agency and auditors, legal counsel and other consultants for services to the Successor Agency are listed as payments for enforceable obligations on the Recognized Obligation Payment Schedules. The Successor Agency anticipates to pay such costs from property tax revenues deposited in the Redevelopment Property Tax Trust Fund.</p>		
DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
Legal counsel	15,000	Administrative Allowance
Trustee Fees	-	Administrative Allowance
Arbitrage Analysis	-	Administrative Allowance
TOTAL	15,000	

CATEGORY III		
<p>Costs allocable to particular projects are considered part of the project costs. Listed below are administrative costs that are allocable to projects and not included in the tables above. These items may include amounts to be reimbursed by the Successor Agency pursuant to the Cooperative Agreement.</p>		
DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
Staff	-	RPTTF
Legal counsel	-	RPTTF
Contract Expenses	-	RPTTF
TOTAL	-	

EXHIBIT B

SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY

ADMINISTRATIVE BUDGET 19-20B

Exhibit B

SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY ADMINISTRATIVE BUDGET

Fiscal Period January 1 - June 30, 2020

CATEGORY I		
<p>The items listed below include amounts to be reimbursed by the Successor Agency to the City of Seal Beach, pursuant to a Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead and other Expenses ("Cooperative Agreement"), by and between the City and the Successor Agency, in the form approved by the Successor Agency Board pursuant to Resolution No. SA 12-10 , adopted on April 9, 2012. Pursuant to the Cooperative Agreement, the Successor Agency reimburses the City for all costs advanced by the City for the administration and operation of the Successor Agency, including but not limited to value of staff, consultants and legal counsel, office space, equipment, supplies, insurance and other services and facilities.</p>		
DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
<u>Staffing for the Successor Agency</u>		
City Manager	285	Administrative Allowance
City Clerk	165	Administrative Allowance
Accountant	112	Administrative Allowance
Accounting Technician - Accounts Payable	101	Administrative Allowance
Accounting Technician - Payroll	95	Administrative Allowance
Finance Manager	164	Administrative Allowance
Director of Finance	324	Administrative Allowance
<u>Staffing for the Oversight Board</u>		
City Manager	-	Administrative Allowance
City Clerk	-	Administrative Allowance
Finance Manager	-	Administrative Allowance
Director of Finance	-	Administrative Allowance
<u>Overhead Cost</u>		
Services/Facilities	55	Administrative Allowance
TOTAL	<u><u>1,300</u></u>	

Exhibit B

SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY ADMINISTRATIVE BUDGET

Fiscal Period January 1 - June 30, 2020

CATEGORY II		
<p>Health & Safety Code Section 34177 (k) states: "Provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the county auditor-controller for each six-month fiscal period." Listed below are the administrative cost items that the Successor Agency anticipates to pay from property tax revenues deposited in the Redevelopment Property Tax Trust Fund. These items may include amounts to be reimbursed by the Successor Agency pursuant to the Cooperative Agreement.</p> <p>Pursuant to Health and Safety Code Section 34177(d)(1)(F), contracts necessary for the administration and operation of the Successor Agency are enforceable obligations. Accordingly, amounts to be paid by the Successor Agency to third party vendors for equipment and supplies necessary for the administration of the Successor Agency and auditors, legal counsel and other consultants for services to the Successor Agency are listed as payments for enforceable obligations on the Recognized Obligation Payment Schedules. The Successor Agency anticipates to pay such costs from property tax revenues deposited in the Redevelopment Property Tax Trust Fund.</p>		
DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
Legal counsel	15,000	Administrative Allowance
Trustee Fees	6,073	Administrative Allowance
Arbitrage Analysis	-	Administrative Allowance
	-	Administrative Allowance
TOTAL	21,073	

CATEGORY III		
<p>Costs allocable to particular projects are considered part of the project costs. Listed below are administrative costs that are allocable to projects and not included in the tables above. These items may include amounts to be reimbursed by the Successor Agency pursuant to the Cooperative Agreement.</p>		
DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
Staff	-	RPTTF
Legal counsel	-	RPTTF
Contract Expenses	-	RPTTF
TOTAL	-	

RESOLUTION SA 19-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY APPROVING PROPOSED ADMINISTRATIVE BUDGETS FOR THE SIX-MONTH FISCAL PERIODS FROM JULY 1, 2019 THROUGH DECEMBER 31, 2019 AND FROM JANUARY 1, 2020 THROUGH JUNE 30, 2020, AND TAKING RELATED ACTIONS

RECITALS:

A. Pursuant to Health and Safety Code Section 34177(j), the Successor Agency to the Seal Beach Redevelopment Agency (the "Successor Agency") must prepare a proposed administrative budget for each six-month fiscal period (commencing each January 1 and July 1) and submit each proposed administrative budget to the oversight board of the Successor Agency (the "Oversight Board") for approval; and

B. Each proposed administrative budget shall include all of the following: (1) estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period; (2) proposed sources of payment for the costs identified in (1); and (3) proposals for arrangements for administrative and operations services provided by the City of Seal Beach or another entity; and

C. Pursuant to Health and Safety Code Section 34177(k), the Successor Agency is required to provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the County Auditor-Controller for each six-month fiscal period; and

D. There has been presented to this Board for approval, the Successor Agency's proposed administrative budgets for the six-month fiscal periods from July 1, 2019 through December 31, 2019 ("Administrative Budget 19-20A") and from January 1, 2020 through June 30, 2020 ("Administrative Budget 19-20B," together with Administrative Budget 19-20A, the "Administrative Budgets");

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. Administrative Budget 19-20A, substantially in the form attached hereto as Exhibit A, is hereby approved.

Section 3. Administrative Budget 19-20B, substantially in the form attached hereto as Exhibit B, is hereby approved.

Section 4. The Executive Director of the Successor Agency, in consultation with the Successor Agency's legal counsel, may modify the Administrative Budgets as the Executive Director or the Successor Agency's legal counsel deems necessary or advisable.

Section 5. The officers and other staff members of the Successor Agency 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 and the Administrative Budgets and any such actions previously taken are hereby ratified and confirmed.

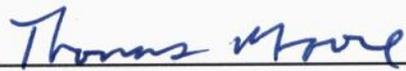
PASSED, APPROVED and ADOPTED by the Successor Agency to the Seal Beach Redevelopment Agency at a regular meeting held on the 14th day of January, 2019 by the following vote:

AYES: Board Members: Deaton, Massa-Lavitt, Moore, Sustarsic, Varipapa

NOES: Board Members: None

ABSENT: Board Members: None

ABSTAIN: Board Members: None


Thomas Moore, Chair

ATTEST:


Dana Engstrom, Secretary



EXHIBIT A

**SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY
ADMINISTRATIVE BUDGET 19-20A
(July 1, 2019 through December 31, 2019)**

Exhibit A

SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY ADMINISTRATIVE BUDGET

Fiscal Period July 1 - December 31, 2019

CATEGORY I		
<p>The items listed below include amounts to be reimbursed by the Successor Agency to the City of Seal Beach, pursuant to a Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead and other Expenses ("Cooperative Agreement"), by and between the City and the Successor Agency, in the form approved by the Successor Agency Board pursuant to Resolution No. SA 12-10, adopted on April 9, 2012. Pursuant to the Cooperative Agreement, the Successor Agency reimburses the City for all costs advanced by the City for the administration and operation of the Successor Agency, including but not limited to value of staff, consultants and legal counsel, office space, equipment, supplies, insurance and other services and facilities.</p>		
<u>DESCRIPTION</u>	<u>PROPOSED ADMINISTRATIVE BUDGET</u>	<u>FUNDING SOURCE</u>
<u>Staffing for the Successor Agency</u>		
City Manager	285	Administrative Allowance
City Clerk	165	Administrative Allowance
Accountant	112	Administrative Allowance
Accounting Technician - Accounts Payable	101	Administrative Allowance
Accounting Technician - Payroll	95	Administrative Allowance
Finance Manager	164	Administrative Allowance
Director of Finance	324	Administrative Allowance
<u>Staffing for the Oversight Board</u>		
City Manager	-	Administrative Allowance
City Clerk	-	Administrative Allowance
Finance Manager	-	Administrative Allowance
Director of Finance	-	Administrative Allowance
<u>Overhead Cost</u>		
Services/Facilities	55	Administrative Allowance
TOTAL	<u>1,300</u>	

Exhibit A

SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY ADMINISTRATIVE BUDGET

Fiscal Period July 1 - December 31, 2019

CATEGORY II

Health & Safety Code Section 34177 (k) states: "Provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the county auditor-controller for each six-month fiscal period." Listed below are the administrative cost items that the Successor Agency anticipates to pay from property tax revenues deposited in the Redevelopment Property Tax Trust Fund. These items may include amounts to be reimbursed by the Successor Agency pursuant to the Cooperative Agreement.

Pursuant to Health and Safety Code Section 34177(d)(1)(F), contracts necessary for the administration and operation of the Successor Agency are enforceable obligations. Accordingly, amounts to be paid by the Successor Agency to third party vendors for equipment and supplies necessary for the administration of the Successor Agency and auditors, legal counsel and other consultants for services to the Successor Agency are listed as payments for enforceable obligations on the Recognized Obligation Payment Schedules. The Successor Agency anticipates to pay such costs from property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
Legal counsel	15,000	Administrative Allowance
Trustee Fees	-	Administrative Allowance
Arbitrage Analysis	-	Administrative Allowance
	-	Administrative Allowance
TOTAL	15,000	

CATEGORY III

Costs allocable to particular projects are considered part of the project costs. Listed below are administrative costs that are allocable to projects and not included in the tables above. These items may include amounts to be reimbursed by the Successor Agency pursuant to the Cooperative Agreement.

DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
Staff	-	RPTTF
Legal counsel	-	RPTTF
Contract Expenses	-	RPTTF
TOTAL	-	

EXHIBIT B

**SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY
ADMINISTRATIVE BUDGET 19-20B
(January 1, 2020 through June 30, 2020)**

Exhibit B

SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY ADMINISTRATIVE BUDGET

Fiscal Period January 1 - June 30, 2020

CATEGORY I

The items listed below include amounts to be reimbursed by the Successor Agency to the City of Seal Beach, pursuant to a Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead and other Expenses ("Cooperative Agreement"), by and between the City and the Successor Agency, in the form approved by the Successor Agency Board pursuant to Resolution No. SA 12-10, adopted on April 9, 2012. Pursuant to the Cooperative Agreement, the Successor Agency reimburses the City for all costs advanced by the City for the administration and operation of the Successor Agency, including but not limited to value of staff, consultants and legal counsel, office space, equipment, supplies, insurance and other services and facilities.

DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
<u>Staffing for the Successor Agency</u>		
City Manager	285	Administrative Allowance
City Clerk	165	Administrative Allowance
Accountant	112	Administrative Allowance
Accounting Technician - Accounts Payable	101	Administrative Allowance
Accounting Technician - Payroll	95	Administrative Allowance
Finance Manager	164	Administrative Allowance
Director of Finance	324	Administrative Allowance
<u>Staffing for the Oversight Board</u>		
City Manager	-	Administrative Allowance
City Clerk	-	Administrative Allowance
Finance Manager	-	Administrative Allowance
Director of Finance	-	Administrative Allowance
<u>Overhead Cost</u>		
Services/Facilities	55	Administrative Allowance
TOTAL	1,300	

Exhibit B

SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY ADMINISTRATIVE BUDGET

Fiscal Period January 1 - June 30, 2020

CATEGORY II

Health & Safety Code Section 34177 (k) states: "Provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the county auditor-controller for each six-month fiscal period." Listed below are the administrative cost items that the Successor Agency anticipates to pay from property tax revenues deposited in the Redevelopment Property Tax Trust Fund. These items may include amounts to be reimbursed by the Successor Agency pursuant to the Cooperative Agreement.

Pursuant to Health and Safety Code Section 34177(d)(1)(F), contracts necessary for the administration and operation of the Successor Agency are enforceable obligations. Accordingly, amounts to be paid by the Successor Agency to third party vendors for equipment and supplies necessary for the administration of the Successor Agency and auditors, legal counsel and other consultants for services to the Successor Agency are listed as payments for enforceable obligations on the Recognized Obligation Payment Schedules. The Successor Agency anticipates to pay such costs from property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
Legal counsel	15,000	Administrative Allowance
Trustee Fees	6,073	Administrative Allowance
Arbitrage Analysis	-	Administrative Allowance
	-	Administrative Allowance
TOTAL	21,073	

CATEGORY III

Costs allocable to particular projects are considered part of the project costs. Listed below are administrative costs that are allocable to projects and not included in the tables above. These items may include amounts to be reimbursed by the Successor Agency pursuant to the Cooperative Agreement.

DESCRIPTION	PROPOSED ADMINISTRATIVE BUDGET	FUNDING SOURCE
Staff	-	RPTTF
Legal counsel	-	RPTTF
Contract Expenses	-	RPTTF
TOTAL	-	

STATE OF CALIFORNIA }
COUNTY OF ORANGE } SS
CITY OF SEAL BEACH }

I, Dana Engstrom, Secretary of the Successor Agency to the Seal Beach Redevelopment Agency, do hereby certify that the foregoing resolution is the original copy of Resolution SA 19-01 on file in the office of the City Clerk of the City of Seal Beach, passed, approved, and adopted by the Successor Agency to the Seal Beach Redevelopment Agency at a regular meeting held on the 14th day of January, 2019.


Dana Engstrom, Secretary

Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5M

From: Successor Agency to the Stanton Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (ROPS) and Administrative Budget

Recommended Action:

Approve resolution approving FY 2019/20 ROPS and Administrative Budget for the Stanton Successor Agency

The Stanton Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2019/20.

The ROPS 18-19 lists all enforceable obligations from July 1, 2018 through June 30, 2019 that are legally binding and enforceable agreements or contracts of the former Stanton Redevelopment Agency, including those necessary for the continued administration of the Successor Agency to wind down the former Agency. Items on this ROPS 19-20 are those that have been approved by the State in previous ROPS plus an addition for the recovery of debt service paid by the Successor Agency for the Tax Allocation Bonds, 2010 Series A, Taxable Housing Tax Allocation Bonds, 2011 Series A and the Taxable Tax Allocation Bonds, 2011 Series B. In addition, one item related to the City Loan for start-up costs for the 2000 Project Area has been re-listed, despite a denial by the State in the previous ROPS period. Changes to items from the previous ROPS 18-19B are explained on the Notes pages of ROPS 19-20.

The enforceable obligations included on the ROPS 18-19 are:

Items 3, 6, 8, 66, 95 - 96 and 101 - 107. Tax Allocation Bonds and associated Professional Services – Enforceable Obligation for bond payments, bond servicing fees, professional bond disclosure and trustee/fiscal services from property tax allocation of the former RDA.

Item 41. Administrative Cost Allowance – This item is salary, benefit and overhead costs for City's administrative support services to the Successor Agency. Legal services and audit services are also consolidated under this line item in the current ROPS.

Items 70 & 83. City Loan – The Successor Agency has reinstated City loans with Oversight Board approval. The second loan is listed on line 70 and still has an outstanding amount of \$4,203 that would be covered by the estimated payment. The third loan is listed on line 83 and still has an outstanding amount of \$2,131,850, though the DOF has previously denied this item.

Attached to the staff report is the backup for the ROPS items listed below.

<u>Item</u>	<u>Description</u>	<u>Attachment</u>
3, 66	2010 Bonds	Debt Service Schedule After Optional Redemption
6	Trustee Fees	Calculation of Fees by Series
8	Bond Disclosure	Calculation of Fees by Series
41	Admin Allowance	Calculation of Minimum Amount
70, 83	City Loans	City Loan Documents
70, 83	City Loans	DOF Approval of SA Resolution Reinstating City Loans
70, 83	City Loans	Calculation of Maximum Amount Compared to Requested Amount

70	City Loan	Calculation of payment
83	City Loan	Calculation of payment
95, 103	2016 Series A Bonds	Debt Service Schedule
96, 104	2016 Series B Bonds	Debt Service Schedule
98	Rebate Consultant	Calculation of Fees by Series
101, 105	2016 Series C Bonds	Debt Service Schedule
102, 106	2016 Series D Bonds	Debt Service Schedule
3, 66, 95, 96, 101, 102, 103, 104, 105, 106	Debt service summary by ROPS	Debt Service Summary with reserve calculation
107	Shortfall Prior Year Debt Service	Calculation of payment

Under AB X1 26, the Successor Agency may receive an administrative cost allowance of up to three percent of the property tax allocated to the Successor Agency or \$250,000 annually, whichever is greater, based upon an approved administrative budget which justifies the allocation of the administrative cost allowance. The amounts of property taxes that are allocated to the Successor Agency are based on an approved ROPS. The administrative cost allowance is included as an enforceable obligation on the ROPS.

The administrative budgets have been prepared for the six-month periods of July 1, 2019 through December 31, 2019, and January 1, 2020 through June 30, 2020 in the amounts of \$125,000, for a total amount of \$250,000 for the 2019-2020 fiscal year, which is the maximum annual Administrative Cost Allowance. The proposed administrative budgets include reimbursement to the City for a portion of its administrative overhead costs associated with carrying out Successor Agency responsibilities, including administration, compliance and financial reporting as well as legal and audit costs.

In accordance with AB 1484, staff has forwarded the ROPS 19-20 and administrative budgets for this same period to the County Auditor-Controller, the County Executive Officer and the State Department of Finance for review, simultaneously with presenting these documents to the Oversight Board. Copies of the Oversight Board-approved ROPS 19-20 will be sent to the County Auditor-Controller, the State Controller's Office and the State Department of Finance by February 1, 2019 and posted on the Successor Agency's website.

The Oversight Board is required to review and approve ROPS 19-20 and the State Department of Finance (DOF) may review an Oversight Board's action. ROPS 19-20, if approved by the Oversight Board, must be sent to the County Auditor-Controller, the State Controller's Office and the State Department of Finance by February 1, 2019. After submitting the ROPS to the DOF, the DOF has until April 15, 2019 to make a determination on the ROPS. Within five business days of such a determination, the Successor Agency may make a request for additional review by the DOF with an opportunity to meet and confer on disputed items, if any. Once the additional review has occurred, then the DOF must notify both the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days prior to the date of property tax distribution.

Impact on Taxing Entities

ROPS 19-20 has a decrease of \$3,122,825 from ROPS 18-19, resulting in an increase in the increment distribution to the taxing entities.

Attachments

- 1) Orange Countywide Oversight Board Resolution
- 2) Stanton ROPS 19-20
- 3) Stanton Successor Agency Resolution 2019-01
- 4) Supporting documents for ROPS items

Resolution No. 19-___

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE STANTON
REDEVELOPMENT AGENCY, APPROVING THE RECOGNIZED
OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD JULY 1,
2019 TO JUNE 30, 2020, PURSUANT TO HEALTH AND SAFETY CODE,
SECTIONS 34177(l) AND 34177(o) AND THE ADMINISTRATIVE BUDGETS,
PURSUANT TO HEALTH AND SAFETY CODE, SECTION 34177(j)

WHEREAS, the former Stanton Redevelopment Agency (“Former Agency”) previously was a public body, corporate and politic formed, organized, existing and exercising its powers under the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.*, and was formed by the City Council (“City Council”) of the City of Stanton (“City”); and

WHEREAS, Assembly Bill x1 26 required the dissolution of all redevelopment agencies in the state, including prohibitions on certain actions by these agencies and requiring certain actions to be taken; and

WHEREAS, Health and Safety Code, Section 34177(I), as amended by SB 107, requires the Successor Agency to prepare a draft of the recognized obligation payment schedule (“ROPS”) for each fiscal year; and

WHEREAS, Health and Safety Code, Section 34179(j) established the Orange Countywide Oversight Board by requiring that commencing after July 1, 2018, in each county where more than one oversight board was created, there shall be only one oversight board; and

WHEREAS, the Orange Countywide Oversight Board with oversight of the Successor Agency to the former Stanton Redevelopment Agency has been appointed pursuant to the provisions of Health and Safety Code Section 34179; and

WHEREAS, Health and Safety Code Sections 34177(l)(2)(B) and 34180(g) requires the approval of each ROPS by the oversight board; and

WHEREAS, a Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2019 through June 30, 2020, has been prepared and approved by the Successor Agency; and

WHEREAS, Health and Safety Code Sections 34177(I)(2)(B) and (C) requires the Successor Agency to submit the ROPS to the Successor Agency’s oversight board for its approval, and simultaneously, the Successor Agency is required to submit a copy of the draft ROPS (“Draft ROPS”) to the Orange County Auditor-Controller, the Orange County Executive Officer, and the State of California Department of Finance, and once approved by the oversight board (“Approved ROPS”), to post the Approved ROPS on the Successor Agency’s website and resubmit the Approved ROPS to the State of California Department of Finance, the State Controller, and the Orange County Auditor-Controller; and

WHEREAS, Health and Safety Code, Section 34177(j), as modified by Section 34177(o) as added by Senate Bill 107, requires the Successor Agency to prepare a proposed administrative budget for each six-month fiscal period covering the period from July 1, 2019 through June 30, 2020 and submit it to the oversight board for approval; and

WHEREAS, pursuant to Health and Safety Code, Section 34177(k), upon approval of the administrative budgets by the oversight board, the Successor Agency is required to provide administrative cost estimates, from the approved administrative budgets, that are to be paid from property tax revenue deposited in the Redevelopment Property Tax Trust Fund to the Orange County Auditor-Controller for each six-month period covered by the administrative budgets; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred;

NOW THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD as follows:

SECTION 1. The Orange Countywide Oversight Board, at its regular meeting of January 22, 2019, reviewed and considered the draft Recognized Obligation Payment Schedule (ROPS) 19-20 for the period July 1, 2019 through June 30, 2020 presented by the Successor Agency.

SECTION 2. The Orange Countywide Oversight Board hereby approves and adopts the ROPS 19-20 for the period July 1, 2019 through June 30, 2020, in substantially the form attached to this Resolution as Exhibit A, as required by Health and Safety Code Section 34177.

SECTION 3. The Orange Countywide Oversight Board hereby directs the Successor Agency to submit copies of the ROPS 19-20 approved by the Oversight Board to the County Auditor-Controller, the State Controller’s Office and the State Department of Finance on or after the effective date of this Resolution, or, if the State of California Department of Finance requests review of the ROPS 19-20 prior to the effective date of this Resolution, upon approval of the ROPS 19-20 by the State of California Department of Finance, and to post the ROPS on the Successor Agency’s website.

SECTION 4. The Orange Countywide Oversight Board hereby approves and adopts the proposed administrative budgets, covering the period from July 1, 2019 through December 31, 2019, and January 1, 2020 through June 30, 2020 as follows, as required by Health and Safety Code, Section 34177.

		7/1/19- 12/31/19	1/1/20- 6/30/20
<i>SUCCESSOR AGENCY PERSONNEL</i>			
731-6100-501110	Salaries-Regular	36,303	36,304
731-6100-502100	Retirement	4,077	4,076
731-6100-502105	Workers Comp Insurance	592	592
731-6100-502110	Health/Life Insurance	3,592	3,592
731-6100-502115	Unemployment Insurance	108	109
731-6100-502120	Medicare/Fica	<u>609</u>	<u>609</u>
	Total Personnel Services	45,281	45,282

OTHER ADMINISTRATIVE COSTS

731-6100-612115	Liability Insurance	1,538	1,538
731-6100-612125	Employee Benefits	5,425	5,425
731-6100-612200	Allocated Costs	46,756	46,755
731-6100-608105	Professional Services (Audit Services)	10,000	10,000
731-6100-608105	Professional Services (Legal Services - SA)	10,000	10,000
731-6100-608105	Professional Services (ROPS/Continuing Disclosure)	<u>6,000</u>	<u>6,000</u>
	Total Other Administrative Costs	<u>79,719</u>	<u>79,718</u>
	Total Administrative Budget	<u>125,000</u>	<u>125,000</u>

SECTION 5: The City Assistant City Manager is hereby authorized and directed to take any action necessary to carry out the purposes of this Resolution and comply with applicable law regarding the proposed administrative budgets and the provision of administrative cost estimates from the approved administrative budgets, that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund to the Orange County Auditor-Controller.

SECTION 6. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Orange Countywide Oversight Board declares that the Orange Countywide Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 7. The Clerk of the Orange Countywide Oversight Board shall certify to the adoption of this Resolution.

SECTION 8. Pursuant to Health and Safety Code section 34179(h), all actions taken by the Orange Countywide Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

**Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period**

Successor Agency: Stanton
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):	\$ 2,858,141	\$ -	\$ 2,858,141
B Bond Proceeds	46	-	46
C Reserve Balance	2,819,003	-	2,819,003
D Other Funds	39,092	-	39,092
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 3,194,362	\$ 4,193,032	\$ 7,387,394
F RPTTF	3,069,362	4,068,032	7,137,394
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):	\$ 6,052,503	\$ 4,193,032	\$ 10,245,535

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

Stanton 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	19-20A (July - December)					Q
											Fund Sources					
											L	M	N	O	P	
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total
								\$ 104,619,851		\$ 10,245,535	\$ 46	\$ 2,819,003	\$ 39,092	\$ 3,069,362	\$ 125,000	\$ 6,052,503
3	Bond Payment: 2010 Tax Allocation	Bonds Issued On or Before	10/28/2010	12/1/2040	US Bank	Debt Service on Bonds issued to fund	Consolidated	15,330,800	N	\$ 901,419		667,459				\$ 667,459
6	Trustee Fees	Fees	7/7/2005	12/1/2040	US Bank	Trustee Fees	Consolidated	207,000	N	\$ 6,800				3,500		\$ 3,500
8	Bond Disclosure	Fees	12/1/2005	12/1/2040	Harrell & Company	Bond Continuing Disclosure/Financial Services	Consolidated	139,000	N	\$ 4,300						\$ -
41	Administrative Cost Allowance	Admin Costs	7/1/2016	12/1/2040	City of Stanton	Administrative Cost Allowance	Consolidated	5,500,000	N	\$ 250,000					125,000	\$ 125,000
60	Replacement Housing Obligation under H&S Code	Miscellaneous	7/1/2013	12/1/2040	To be Determined	96 Required Units	Consolidated		N	\$ -						\$ -
66	Bond Payment: 2010 Tax Allocation Bonds Series A	Reserves	10/28/2010	12/1/2040	US Bank	ROPS B Reserve for following ROPS A December 1 Debt Service	Consolidated	673,959	N	\$ 673,959						\$ -
70	City Loan	City/County Loan (Prior 06/28/11), Cash exchange	2/9/2010	12/1/2040	City of Stanton	City Loan to pay SERAF Payment	Consolidated	4,203	N	\$ 4,203				4,203		\$ 4,203
83	City Loan	City/County Loan (Prior 06/28/11), Other	6/24/2003	12/1/2040	City of Stanton	City Loan for Start up costs for 2000 Project Area	Consolidated	2,131,850	N	\$ 2,131,850				2,131,850		\$ 2,131,850
86	Housing Authority Administration Fee	Admin Costs	7/1/2015	6/30/2016	Stanton Housing Authority	AB 471 Administrative Fee	Consolidated		Y	\$ -						\$ -
91	LRPMP Properties	Property Dispositions	7/1/2017	6/30/2018	Best Best & Kreiger	Legal costs relating directly to property dispositions	Consolidated		Y	\$ -						\$ -
92	LRPMP Properties	Property Dispositions	7/1/2017	6/30/2018	City of Stanton	Staff time relating directly to property disposition	Consolidated		Y	\$ -						\$ -
94	LRPMP Properties	Property Maintenance	7/1/2017	6/30/2018	So Cal Sanitation	Fencing for Corporate Yard Property until disposition	Consolidated		Y	\$ -						\$ -
95	Subordinate Tax Allocation Refunding Bonds, 2016 Series A	Refunding Bonds Issued After 6/27/12	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series B Bonds	Consolidated	8,374,250	N	\$ 568,876		170,000		287,838		\$ 457,838
96	Subordinate Taxable Tax Allocation Refunding Bonds, 2016 Series B	Refunding Bonds Issued After 6/27/12	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series A Bonds	Consolidated	15,935,088	N	\$ 1,062,400		322,500		534,425		\$ 856,925
98	Rebate Consultant	Fees	7/1/2015	12/31/2040	BLX Group	Rebate Calculations	Consolidated	47,000	N	\$ 2,500						\$ -
100	Project Costs	Bond Funded Project - 2011	7/1/2016	6/30/2020	To be Determined	Bond Funded Project from 2011 Proceeds	Consolidated	3,259,523	N	\$ -						\$ -
101	Tax Allocation Refunding Parity Bonds, 2016 Series C	Refunding Bonds Issued After 6/27/12	12/15/2016	12/1/2040	US Bank	Partial Refinance 2010 Series A Bonds	Consolidated	19,099,750	N	\$ 484,750	46	96,194	39,092	107,043		\$ 242,375
102	Taxable Tax Allocation Refunding Parity Bonds, 2016 Series D	Refunding Bonds Issued After 6/27/12	12/15/2016	12/1/2040	US Bank	Refinance 2011 Series A Bonds and 2011 Series B Bonds	Consolidated	31,742,300	N	\$ 1,979,350		1,562,850				\$ 1,562,850
103	Subordinate Tax Allocation Refunding Bonds, 2016 Series A	Reserves	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series B Bonds	Consolidated	177,500	N	\$ 177,500						\$ -
104	Subordinate Taxable Tax Allocation Refunding Bonds, 2016 Series B	Reserves	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series A Bonds	Consolidated	330,000	N	\$ 330,000						\$ -
105	Tax Allocation Refunding Parity Bonds, 2016 Series C	Reserves	12/15/2016	12/1/2040	US Bank	Partial Refinance 2010 Series A Bonds	Consolidated	95,625	N	\$ 95,625						\$ -
106	Taxable Tax Allocation Refunding Parity Bonds, 2016 Series D	Reserves	12/15/2016	12/1/2040	US Bank	Refinance 2011 Series A Bonds and 2011 Series B Bonds	Consolidated	1,571,500	N	\$ 1,571,500						\$ -
107	Advance Prior Year Debt Service Payment	Bonds Issued After 12/31/10	6/1/2016	6/30/2020	Recovery of Debt Service Paid by SA	2010A, 2011 A and 2011 B Bonds RPTTF Shortfall for Payment Due to Trustee Error	Consolidated	503	N	\$ 503				503		\$ 503

Stanton 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	19-20B (January - June)					W
											Fund Sources					
											R	S	T	U	V	
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
								\$ 104,619,851		\$ 10,245,535	\$ 0	\$ 0	\$ 0	\$ 4,068,032	\$ 125,000	\$ 4,193,032
3	Bond Payment: 2010 Tax Allocation	Bonds Issued On or Before	10/28/2010	12/1/2040	US Bank	Debt Service on Bonds issued to fund	Consolidated	15,330,800	N	\$ 901,419				233,960		\$ 233,960
6	Trustee	Fees	7/7/2005	12/1/2040	US Bank	Trustee Fees	Consolidated	207,000	N	\$ 6,800				3,300		\$ 3,300
8	Bond Disclosure	Fees	12/1/2005	12/1/2040	Harrell & Company	Bond Continuing Disclosure/Financial Services	Consolidated	139,000	N	\$ 4,300				4,300		\$ 4,300
41	Administrative Cost Allowance	Admin Costs	7/1/2016	12/1/2040	City of Stanton	Administrative Cost Allowance	Consolidated	5,500,000	N	\$ 250,000					125,000	\$ 125,000
60	Replacement Housing Obligation under H&S Code	Miscellaneous	7/1/2013	12/1/2040	To be Determined	96 Required Units	Consolidated		N	\$ -						\$ -
66	Bond Payment: 2010 Tax Allocation Bonds Series A	Reserves	10/28/2010	12/1/2040	US Bank	ROPS B Reserve for following ROPS A December 1 Debt Service	Consolidated	673,959	N	\$ 673,959				673,959		\$ 673,959
70	City Loan	City/County Loan (Prior 06/28/11), Cash exchange	2/9/2010	12/1/2040	City of Stanton	City Loan to pay SERAF Payment	Consolidated	4,203	N	\$ 4,203						\$ -
83	City Loan	City/County Loan (Prior 06/28/11), Other	6/24/2003	12/1/2040	City of Stanton	City Loan for Start up costs for 2000 Project Area	Consolidated	2,131,850	N	\$ 2,131,850						\$ -
86	Housing Authority Administration Fee	Admin Costs	7/1/2015	6/30/2016	Stanton Housing Authority	AB 471 Administrative Fee	Consolidated		Y	\$ -						\$ -
91	LRPMP Properties	Property Dispositions	7/1/2017	6/30/2018	Best Best & Kreiger	Legal costs relating directly to property dispositions	Consolidated		Y	\$ -						\$ -
92	LRPMP Properties	Property Dispositions	7/1/2017	6/30/2018	City of Stanton	Staff time relating directly to property disposition	Consolidated		Y	\$ -						\$ -
94	LRPMP Properties	Property Maintenance	7/1/2017	6/30/2018	So Cal Sanitation	Fencing for Corporate Yard Property until disposition	Consolidated		Y	\$ -						\$ -
95	Subordinate Tax Allocation Refunding Bonds, 2016 Series A	Refunding Bonds Issued After 6/27/12	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series B Bonds	Consolidated	8,374,250	N	\$ 568,876				111,038		\$ 111,038
96	Subordinate Taxable Tax Allocation Refunding Bonds, 2016 Series B	Refunding Bonds Issued After 6/27/12	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series A Bonds	Consolidated	15,935,088	N	\$ 1,062,400				205,475		\$ 205,475
98	Rebate Consultant	Fees	7/1/2015	12/31/2040	BLX Group	Rebate Calculations	Consolidated	47,000	N	\$ 2,500				2,500		\$ 2,500
100	Project Costs	Bond Funded Project - 2011	7/1/2016	6/30/2020	To be Determined	Bond Funded Project from 2011 Proceeds	Consolidated	3,259,523	N	\$ -						\$ -
101	Tax Allocation Refunding Parity Bonds, 2016 Series C	Refunding Bonds Issued After 6/27/12	12/15/2016	12/1/2040	US Bank	Partial Refinance 2010 Series A Bonds	Consolidated	19,099,750	N	\$ 484,750				242,375		\$ 242,375
102	Taxable Tax Allocation Refunding Parity Bonds, 2016 Series D	Refunding Bonds Issued After 6/27/12	12/15/2016	12/1/2040	US Bank	Refinance 2011 Series A Bonds and 2011 Series B Bonds	Consolidated	31,742,300	N	\$ 1,979,350				416,500		\$ 416,500
103	Subordinate Tax Allocation Refunding Bonds, 2016 Series A	Reserves	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series B Bonds	Consolidated	177,500	N	\$ 177,500				177,500		\$ 177,500
104	Subordinate Taxable Tax Allocation Refunding Bonds, 2016 Series B	Reserves	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series A Bonds	Consolidated	330,000	N	\$ 330,000				330,000		\$ 330,000
105	Tax Allocation Refunding Parity Bonds, 2016 Series C	Reserves	12/15/2016	12/1/2040	US Bank	Partial Refinance 2010 Series A Bonds	Consolidated	95,625	N	\$ 95,625				95,625		\$ 95,625
106	Taxable Tax Allocation Refunding Parity Bonds, 2016 Series D	Reserves	12/15/2016	12/1/2040	US Bank	Refinance 2011 Series A Bonds and 2011 Series B Bonds	Consolidated	1,571,500	N	\$ 1,571,500				1,571,500		\$ 1,571,500
107	Advance Prior Year Debt Service Payment	Bonds Issued After 12/31/10	6/1/2016	6/30/2020	Recovery of Debt Service Paid by SA	2010A, 2011 A and 2011 B Bonds RPTTF Shortfall for Payment Due to Trustee Error	Consolidated	503	N	\$ 503						\$ -

Stanton Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H	
		Fund Sources						
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments	
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	1,589,471	18,312,834	3,170,683	28,777	70,136		
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	(16,862)	35,392		31,765	8,700,390		
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	438,782	15,088,657	3,170,683	710	4,742,334	Col C Includes \$435,967 transfer to Refunding Escrow; Col D Includes \$9,808,818 Transfer to Refunding Escrow and \$5,263,554 per Bond Expenditure Agreements	
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)	1,133,827	3,259,569		20,740	2,335,773	Col F = \$20,740 for 17-18 Col N Item 70; Col G = \$70,136 15-16 Funds for 18-19A Item 95 + \$2,265,637 Reserves 16-17 Lines 66, 67, 68	
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					1,692,419	
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 39,092	\$ 0	Col F Apply to 19-20 Item 101	

CITY OF STANTON

REPORT TO THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY

TO: Honorable Chair and Members of the Successor Agency

DATE: January 8, 2019

**SUBJECT: APPROVING AND ADOPTING THE RECOGNIZED OBLIGATIONS
PAYMENT SCHEDULE (ROPS) 19-20 AND THE ADMINISTRATIVE
BUDGET PURSUANT TO SECTIONS 34177 OF CALIFORNIA HEALTH
& SAFETY CODE FOR THE PERIOD OF JULY 2019 THROUGH JUNE
2020**

REPORT IN BRIEF:

This report summarizes the obligations of the Successor Agency under AB X1 26, AB 1484 and SB 107 to draft Recognized Obligation Payment Schedules (ROPS) and corresponding administrative budgets. Staff recommends the Successor Agency adopt the attached resolution approving ROPS 19-20 and the Successor Agency's administrative budget for the period July 2019 through June 2020.

RECOMMENDED ACTION:

1. Successor Agency declare that the project is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Adopt Resolution No. SA 2019-01 to approve the Recognized Obligation Payment Schedule (ROPS) No. 19-20 and the administrative budget for the period July 1, 2019 through June 30, 2020 entitled:

**"A RESOLUTION OF THE BOARD OF THE SUCCESSOR AGENCY TO THE
STANTON REDEVELOPMENT AGENCY, APPROVING AND ADOPTING THE
RECOGNIZED OBLIGATION PAYMENT SCHEDULE ("ROPS") 19-20 FOR
THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2020 PURSUANT TO
HEALTH AND SAFETY CODE, SECTIONS 34177(l) and 34177(o) AND THE
ADMINISTRATIVE BUDGET, PURSUANT TO HEALTH AND SAFETY CODE,
SECTION 34177(j)"**

Successor Agency
Agenda Item # SA

96

BACKGROUND:

Upon dissolution of the Stanton Redevelopment Agency on February 1, 2012 pursuant to AB X1 26, the City Council took action to have the City of Stanton act as Successor Agency to the Stanton Redevelopment Agency. The Successor Agency is considered a separate legal entity from the City. Pursuant to Health and Safety Code Section 34177, successor agencies are required to prepare Recognized Obligation Payment Schedules (ROPS) that list enforceable obligations prior to each six-month fiscal period. The Successor Agency previously prepared ROPS for the six-month fiscal periods beginning January 1, 2012 through June 30, 2012 ("ROPS I") through to the most recent six month period beginning January 1, 2019 through June 30, 2019 ("ROPS 18-19B").

Under AB X1 26, the Successor Agency may receive an administrative cost allowance of the greater of \$250,000 annually or three percent of the property tax allocated to the Successor Agency, based upon an approved administrative budget that justifies the allocation of the administrative cost allowance. The amounts of property taxes that are allocated to the Successor Agency are based on an approved ROPS during each six-month period. The administrative cost allowance is included as an enforceable obligation on the ROPS.

ANALYSIS/JUSTIFICATION:

Senate Bill 107, signed on September 22, 2015, provided that the ROPS for both six month periods in each fiscal year must be approved by the Oversight Board and submitted to the Department of Finance no later than February 1 each year. The legislation also established Health & Safety Code, Section 34179(j), which established the Orange Countywide Oversight Board by requiring only one oversight board in each county where more than one was created commencing after July 1, 2018.

The administrative budget has been prepared so that the Administrative Cost Allowance payments authorized under the ROPS 19-20 will reimburse the City for a portion of its costs associated with carrying out Successor Agency responsibilities, including administration, completion of projects, compliance and financial reporting, to the extent such amounts do not exceed the statutory limit of the greater of \$250,000 or 3% of the Successor Agency enforceable obligations in Fiscal Year 2019-20.

Following Successor Agency approval of ROPS 19-20, staff will forward the ROPS and administrative budget to the County Auditor-Controller, the County Administrative Officer, and the Department of Finance for review, simultaneously with presenting them to the Orange County Oversight Board for approval. The Orange County Oversight Board will review ROPS 19-20 at their regularly scheduled January 22, 2019 meeting. Copies of ROPS 19-20, following approval by the Orange Countywide Oversight Board, will be sent to the County Auditor-Controller, the State Controller's Office and the Department of Finance by the February 1, 2019 deadline and will be posted on the Successor Agency's website.

On June 4, 2019 and January 2, 2020, the County Auditor-Controller is responsible for remitting property taxes to the Successor Agency for payment of the enforceable obligations listed on the approved ROPS 19-20A and 19-20B, respectively.

FISCAL IMPACT:

ROPS 19-20 sets forth the Successor Agency's existing financial obligations and administrative costs for the period July 1, 2019 to June 30, 2020. There are no immediate fiscal impacts associated with the adoption of the resolution approving ROPS 19-20 and the administrative budget for the 2019-20 fiscal year.

ENVIRONMENTAL IMPACT:

Not applicable.

LEGAL REVIEW:

The City Attorney has reviewed this report and the attached resolutions on behalf of the Successor Agency.

PUBLIC NOTIFICATION:

Through the normal agenda process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

4. Ensure Fiscal Stability and Efficiency in Governance

Prepared by:



Stephen M. Parker, CPA
Assistant City Manager

Approved by:



Robert W. Hall
Interim Executive Director

Attachment:

1. Resolution No. SA 2019-01
2. Exhibit A - Recognized Obligation Payment Schedule (ROPS 19-20) (July 2019 – June 2020)

RESOLUTION NO. SA 2019-01

A RESOLUTION OF THE BOARD OF THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY, APPROVING AND ADOPTING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE ("ROPS") 19-20 FOR THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2020 PURSUANT TO HEALTH AND SAFETY CODE, SECTIONS 34177(l) and 34177(o) AND THE ADMINISTRATIVE BUDGET, PURSUANT TO HEALTH AND SAFETY CODE, SECTION 34177(j)

WHEREAS, pursuant to Health and Safety Code, Section 34173(d), the City of Stanton elected to become the successor agency to the Stanton Redevelopment Agency ("Successor Agency") on January 10, 2012 and the Successor Agency is a separate legal entity from the City of Stanton; and

WHEREAS, Health and Safety Code, Section 34177(o)(1) requires the Successor Agency to prepare an annual recognized obligation payment schedule ("ROPS") covering the period from July 1, 2019 through June 30, 2020 and submit it to the oversight board for approval; and

WHEREAS, Health and Safety Code, Section 34177(l)(2), requires the Successor Agency to submit the ROPS to the Successor Agency's oversight board for its approval, and simultaneously, the Successor Agency is required to submit a copy of the draft ROPS ("Draft ROPS") to the Orange County Auditor-Controller, the Orange County Administrative Officer, and the State of California Department of Finance, and once approved by the oversight board ("Approved ROPS"), to post the Approved ROPS on the Successor Agency's website and submit the Approved ROPS to the State of California Department of Finance, State Controller's Office and the Orange County Auditor-Controller; and

WHEREAS, Health and Safety Code, Section 34179(j) established the Orange Countywide Oversight Board by requiring that commencing after July 1, 2018, in each county where more than one oversight board was created, there shall be only one oversight board; and

WHEREAS, Health and Safety Code, Section 34177(j), as modified by Section 34177(o) as added by Senate Bill 107, requires the Successor Agency to prepare a proposed administrative budget for each six-month period covering the period from July 1, 2018 through June 30, 2019 and submit it to the oversight board for approval; and

WHEREAS, pursuant to Health and Safety Code, Section 34177(k), upon approval of the administrative budget by the oversight board, the Successor Agency is required to provide administrative cost estimates, from the approved administrative budgets, that are to be paid from property tax revenue deposited in the Redevelopment Property Tax Trust Fund to the Orange County Auditor-Controller for each six-month period covered by the administrative budget; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW THEREFORE, THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY, DOES HEREBY RESOLVE, DETERMINE, FIND AND ORDER 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. The Successor Agency hereby approves and adopts ROPS 18-19, for the period July 1, 2018 through June 30, 2019, in substantially the form attached to this Resolution as Exhibit A, as required by Health and Safety Code, Section 34177.

SECTION 3. Transmittal of the ROPS. The Assistant City Manager is hereby authorized to take all actions necessary under the Dissolution Act to post ROPS 19-20 on the Successor Agency website, transmit ROPS 19-20 to the Auditor-Controller and the County Administrator of the County of Orange and the State Department of Finance (the "DOF"), submit ROPS 19-20 to the oversight board, and to take any other actions necessary to ensure the approval and validity of ROPS 19-20 and the validity of any enforceable obligation approved by the Successor Agency in this Resolution. In addition, the Successor Agency authorizes and directs the Successor Agency staff to make such non-substantive revisions to the ROPS 19-20 as may be necessary to submit ROPS 19-20 in any modified form required by the Orange Countywide Oversight Board or DOF, and ROPS 19-20 as so modified shall thereupon constitute the ROPS 19-20 as approved by the Successor Agency pursuant to this Resolution.

SECTION 4. Approval of Proposed Administrative Budget. The Successor Agency hereby approves and adopts the proposed administrative budget, covering the period from July 1, 2019 through June 30, 2020 as follows, as required by Health and Safety Code, Section 34177.

SUCCESSOR AGENCY PERSONNEL

731-6100-501110	Salaries-Regular	72,607
731-6100-502100	Retirement	8,153
731-6100-502105	Workers Comp Insurance	1,184
731-6100-502110	Health/Life Insurance	7,184
731-6100-502115	Unemployment Insurance	217
731-6100-502120	Medicare/Fica	1,218
	Total Personnel Services	90,563

OTHER ADMINISTRATIVE COSTS

731-6100-612115	Liability Insurance	3,076
731-6100-612125	Employee Benefits	10,850
731-6100-612200	Allocated Costs	93,511
731-6100-608105	Professional Services (Audit Services)	20,000
731-6100-608105	Professional Services (Legal Services - SA)	20,000
731-6100-608105	Professional Services (ROPS Prep/Cont Disclosure)	12,000
	Total Other Administrative Costs	<u>159,437</u>

Total Administrative Budget **250,000**

SECTION 5. Transmittal of Proposed Administrative Budget. The City of Stanton Administrative Services Director is hereby authorized and directed to take any action necessary to carry out the purposes of this Resolution and comply with applicable law regarding the proposed administrative budget, including submitting the proposed administrative budget to the Successor Agency's oversight board; and upon oversight board approval of the administrative budget, the provision of administrative cost estimates, from the approved administrative budget, that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund to the Orange County Auditor-Controller, and to make any non-substantive changes to the administrative budget required by the Oversight Board, the County or DOF.

SECTION 6. Certification. The Clerk shall certify to the adoption of this Resolution on behalf of the Successor Agency.

SECTION 7. Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the Successor Agency to the Stanton Redevelopment Agency, held on this 8th day of January, 2019.

DAVID J. SHAWVER, CHAIRMAN

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, AGENCY COUNSEL

ATTEST:

I, Patricia A. Vazquez, Agency Secretary of the City of Stanton, as Successor to Stanton Redevelopment Agency, Stanton, California, DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. SA 2019-01 has been duly signed by the Chairperson and attested by the Agency Secretary, all at a regular meeting of the City of Stanton, as Successor to Stanton Redevelopment Agency, held on January 8, 2019, and that the same was adopted, signed, and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, AGENCY SECRETARY

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Stanton
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		19-20A Total	19-20B Total	ROPS 19-20 Total
		(July - December)	(January - June)	
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ 2,858,141	\$ -	\$ 2,858,141
B	Bond Proceeds	46	-	46
C	Reserve Balance	2,819,003	-	2,819,003
D	Other Funds	39,092	-	39,092
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 3,194,362	\$ 4,193,032	\$ 7,387,394
F	RPTTF	3,069,362	4,068,032	7,137,394
G	Administrative RPTTF	125,000	125,000	250,000
H	Current Period Enforceable Obligations (A+E):	\$ 6,052,503	\$ 4,193,032	\$ 10,245,535

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (c) 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

Stanton Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

Item #	Project Name/Debt Obligation	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q											
																	19-20A (July - December)										
																	Fund Sources										
Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total																						
3	Bond Payment: 2010 Tax Allocation	Bonds Issued On or Before	10/28/2010	12/1/2040	US Bank	Debt Service on Bonds issued to fund	Consolidated	15,330,800	N	\$	\$	\$	\$	\$	\$	\$											
6	Trustee Fees	Fees	7/1/2005	12/1/2040	US Bank	Trustee Fees	Consolidated	207,000	N	\$	6,800			3,500		\$											
8	Bond Disclosure	Fees	12/1/2005	12/1/2040	Harnell & Company	Bond Continuing Disclosure/financial Services	Consolidated	139,000	N	\$	4,300					\$											
41	Administrative Cost Allowance	Admin Costs	7/1/2016	12/1/2040	City of Stanton	Administrative Cost Allowance	Consolidated	5,500,000	N	\$	250,000				125,000	\$											
60	Replacement Housing Obligation under H&S Code	Miscellaneous	7/1/2013	12/1/2040	To be Determined	96 Required Units	Consolidated		N	\$						\$											
66	Bond Payment: 2010 Tax Allocation	Reserves	10/28/2010	12/1/2040	US Bank	ROPS B Reserve for following ROPS A December 1 Debt Service	Consolidated	673,959	N	\$	673,959					\$											
70	City Loan	City/County Loan (Prior 06/28/11), Cash exchange	2/9/2010	12/1/2040	City of Stanton	City Loan to pay SERAF Payment	Consolidated	4,203	N	\$	4,203			4,203		\$											
83	City Loan	City/County Loan (Prior 06/28/11), Other	6/24/2003	12/1/2040	City of Stanton	City Loan for Start up costs for 2000 Project Area	Consolidated	2,131,850	N	\$	2,131,850			2,131,850		\$											
86	Housing Authority Administration Fee	Admin Costs	7/1/2015	6/30/2016	Stanton Housing Authority	AB 471 Administrative Fee	Consolidated		Y	\$						\$											
91	LRPMP Properties	Property Dispositions	7/1/2017	6/30/2018	Best Best & Kreiger	Legal costs relating directly to property dispositions	Consolidated		Y	\$						\$											
92	LRPMP Properties	Property Dispositions	7/1/2017	6/30/2018	City of Stanton	Staff time relating directly to property disposition	Consolidated		Y	\$						\$											
94	LRPMP Properties	Property Maintenance	7/1/2017	6/30/2018	So Cal Sanitation	Fencing for Corporate Yard Property until disposition	Consolidated		Y	\$						\$											
95	Subordinate Tax Allocation Refunding Bonds, 2016 Series A	Refunding Bonds Issued After 6/27/12	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series B Bonds	Consolidated	8,374,250	N	\$	568,876			287,838		\$											
96	Subordinate Taxable Tax Allocation Refunding Bonds, 2016 Series B	Refunding Bonds Issued After 6/27/12	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series A Bonds	Consolidated	15,935,088	N	\$	1,062,400			534,425		\$											
98	Rebate Consultant	Fees	7/1/2015	12/31/2040	BLX Group	Rebate Calculations	Consolidated	47,000	N	\$	2,500					\$											
100	Project Costs	Bond Funded Project - 2011	7/1/2016	6/30/2020	To be Determined	Bond Funded Project from 2011 Proceeds	Consolidated	3,259,523	N	\$						\$											
101	Tax Allocation Refunding Parity Bonds, 2016 Series C	Refunding Bonds Issued After 6/27/12	12/15/2016	12/1/2040	US Bank	Partial Refinance 2010 Series A Bonds	Consolidated	19,099,750	N	\$	484,750		39,092	107,043		\$											
102	Taxable Tax Allocation Refunding Parity Bonds, 2016 Series D	Refunding Bonds Issued After 6/27/12	12/15/2016	12/1/2040	US Bank	Refinance 2011 Series A Bonds and 2011 Series B Bonds	Consolidated	31,742,300	N	\$	1,979,350					\$											
103	Subordinate Tax Allocation Refunding Bonds, 2016 Series A	Reserves	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series B Bonds	Consolidated	177,500	N	\$	177,500					\$											
104	Subordinate Taxable Tax Allocation Refunding Bonds, 2016 Series B	Reserves	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series A Bonds	Consolidated	330,000	N	\$	330,000					\$											
105	Tax Allocation Refunding Parity Bonds, 2016 Series C	Reserves	12/15/2016	12/1/2040	US Bank	Partial Refinance 2010 Series A Bonds	Consolidated	95,625	N	\$	95,625					\$											
106	Taxable Tax Allocation Refunding Parity Bonds, 2016 Series D	Reserves	12/15/2016	12/1/2040	US Bank	Refinance 2011 Series A Bonds and 2011 Series B Bonds	Consolidated	1,571,500	N	\$	1,571,500					\$											
107	Advance Prior Year Debt Service Payment	Bonds Issued After 12/31/10	6/1/2016	6/30/2020	Recovery of Debt Service Paid by SA	2010A, 2011 A and 2011 B Bonds RPTTF Shortfall for Payment Due to Trustee Error	Consolidated	503	N	\$	503			503		\$											

Stanton Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A Item #	B Project Name/Debt Obligation	C Obligation Type	D Contract/Agreement Execution Date	E Contract/Agreement Termination Date	F Paysee	G Description/Project Scope	H Project Area	I Total Outstanding Debt or Obligation	J Retired	K ROPS 19-20 Total	19-20B (January - June)				W Total					
											R Bond Proceeds	S Reserve Balance	T Other Funds	U RPTTF		V Admin RPTTF				
3	Bond Payment: 2010 Tax Allocation	Bonds Issued On or Before	10/28/2010	12/1/2040	US Bank	Debt Service on Bonds issued to fund	Consolidated	\$ 104,619,851	N	\$ 10,245,635	\$ 0	\$ 0	\$ 0	\$ 125,000	\$ 4,193,032					
6	Trustee Fees	Fees	7/7/2005	12/1/2040	US Bank	Trustee Fees	Consolidated	15,330,800	N	\$ 901,419	\$ 0	\$ 0	\$ 233,960	\$ 3,300	\$ 233,960					
8	Bond Disclosure	Fees	12/1/2005	12/1/2040	Harrell & Company	Bond Continuing Disclosure/Financial Services	Consolidated	139,000	N	\$ 4,300	\$ 0	\$ 0	\$ 4,300	\$ 0	\$ 4,300					
41	Administrative Cost Allowance	Admin Costs	7/1/2016	12/1/2040	City of Stanton	Administrative Cost Allowance	Consolidated	5,500,000	N	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 125,000	\$ 125,000					
60	Replacement Housing Obligation under H&S Code	Miscellaneous	7/1/2013	12/1/2040	To be Determined	96 Required Units	Consolidated		N	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0					
66	Bond Payment: 2010 Tax Allocation Bonds Series A	Reserves	10/28/2010	12/1/2040	US Bank	ROPS B Reserve for following ROPS A December 1 Debt Service	Consolidated	673,959	N	\$ 673,959	\$ 0	\$ 0	\$ 673,959	\$ 0	\$ 673,959					
70	City Loan	City/County Loan (Prior 06/28/11), Cash exchange	2/9/2010	12/1/2040	City of Stanton	City Loan to pay SERAF Payment	Consolidated	4,203	N	\$ 4,203	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0					
83	City Loan	City/County Loan (Prior 06/28/11), Other	6/24/2003	12/1/2040	City of Stanton	City Loan for Start up costs for 2000 Project Area	Consolidated	2,131,850	N	\$ 2,131,850	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0					
86	Housing Authority Administration Fee	Admin Costs	7/1/2015	6/30/2016	Stanton Housing Authority	AB-471 Administrative Fee	Consolidated		Y	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0					
91	LRPMP Properties	Property Dispositions	7/1/2017	6/30/2018	Best Best & Kreiger	Legal costs relating directly to property dispositions	Consolidated		Y	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0					
92	LRPMP Properties	Property Dispositions	7/1/2017	6/30/2018	City of Stanton	Staff time relating directly to property disposition	Consolidated		Y	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0					
94	LRPMP Properties	Property Maintenance	7/1/2017	6/30/2018	So Cal Sanitation	Fencing for Corporate Yard Property until disposition	Consolidated		Y	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0					
95	Subordinate Tax Allocation Refunding Bonds, 2016 Series A	Refunding Bonds Issued After 6/27/12	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series B Bonds	Consolidated	8,374,250	N	\$ 568,876	\$ 0	\$ 0	\$ 111,038	\$ 0	\$ 111,038					
96	Subordinate Tax Allocation Refunding Bonds, 2016 Series B	Refunding Bonds Issued After 6/27/12	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series A Bonds	Consolidated	15,935,088	N	\$ 1,062,400	\$ 0	\$ 0	\$ 205,475	\$ 0	\$ 205,475					
98	Rebate Consultant	Fees	7/1/2015	12/31/2040	BLX Group	Rebate Calculations	Consolidated	47,000	N	\$ 2,500	\$ 0	\$ 0	\$ 2,500	\$ 0	\$ 2,500					
100	Project Costs	Bond Funded Project - 2011	7/1/2016	6/30/2020	To be Determined	Bond Funded Project from 2011 Proceeds	Consolidated	3,259,523	N	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0					
101	Tax Allocation Refunding Parity Bonds, 2016 Series C	Refunding Bonds Issued After 6/27/12	12/15/2016	12/1/2040	US Bank	Partial Refinance 2010 Series A Bonds	Consolidated	19,099,750	N	\$ 484,750	\$ 0	\$ 0	\$ 242,375	\$ 0	\$ 242,375					
102	Taxable Tax Allocation Refunding Bonds, 2016 Series D	Refunding Bonds Issued After 6/27/12	12/15/2016	12/1/2040	US Bank	Refinance 2011 Series A Bonds and 2011 Series B Bonds	Consolidated	31,742,300	N	\$ 1,979,350	\$ 0	\$ 0	\$ 416,500	\$ 0	\$ 416,500					
103	Subordinate Tax Allocation Refunding Bonds, 2016 Series A	Reserves	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series B Bonds	Consolidated	177,500	N	\$ 177,500	\$ 0	\$ 0	\$ 177,500	\$ 0	\$ 177,500					
104	Subordinate Tax Allocation Refunding Bonds, 2016 Series B	Reserves	2/23/2016	12/1/2035	US Bank	Refinance 2005 Series A Bonds	Consolidated	330,000	N	\$ 330,000	\$ 0	\$ 0	\$ 330,000	\$ 0	\$ 330,000					
105	Tax Allocation Refunding Parity Bonds, 2016 Series C	Reserves	12/15/2016	12/1/2040	US Bank	Partial Refinance 2010 Series A Bonds	Consolidated	95,625	N	\$ 95,625	\$ 0	\$ 0	\$ 95,625	\$ 0	\$ 95,625					
106	Taxable Tax Allocation Refunding Parity Bonds, 2016 Series D	Reserves	12/15/2016	12/1/2040	US Bank	Refinance 2011 Series A Bonds and 2011 Series B Bonds	Consolidated	1,571,500	N	\$ 1,571,500	\$ 0	\$ 0	\$ 1,571,500	\$ 0	\$ 1,571,500					
107	Advance Prior Year Debt Service Payment	Bonds Issued After 12/31/10	6/1/2016	6/30/2020	Recovery of Debt Service Paid by SA	2010A, 2011 A and 2011 B Bonds RPTTF Shortfall for Payment Due to Trustee Error	Consolidated	503	N	\$ 503	\$ 0	\$ 0	\$ 503	\$ 0	\$ 503					

Stanton Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H				
								Fund Sources			
								Bond Proceeds	Reserve Balance	Other Funds	RPTTF
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments				
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	1,589,471	18,312,834	3,170,683	28,777	70,136					
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	(16,862)	35,392		31,765	8,700,390					
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	438,782	15,088,657	3,170,683	710	4,742,334	Col C Includes \$435,967 transfer to Refunding Escrow; Col D Includes \$9,808,818 Transfer to Refunding Escrow and \$5,263,554 per Bond Expenditure Agreements				
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)	1,133,827	3,259,569		20,740	2,335,773	Col F = \$20,740 for 17-18 Col N Item 70; Col G = \$70,136 15-16 Funds for 18-19A Item 95 + \$2,265,637 Reserves 16-17 Lines 66, 67, 68				
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				1,692,419					
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 39,092	\$ 0	Col F Apply to 19-20 Item 101				

BOND DEBT SERVICE

Stanton Redevelopment Agency
Tax Allocation Bonds, 2010 Series A

OUTSTANDING AFTER PARTIAL REDEMPTION FROM 2016 SERIES C BONDS

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2017			262,759.40	262,759.40	
12/01/2017	605,000	4.000%	262,759.40	867,759.40	1,130,518.80
06/01/2018			250,659.40	250,659.40	
12/01/2018	410,000	4.000%	250,659.40	660,659.40	911,318.80
06/01/2019			242,459.40	242,459.40	
12/01/2019	425,000	4.000%	242,459.40	667,459.40	909,918.80
06/01/2020			233,959.40	233,959.40	
12/01/2020	440,000	4.000%	233,959.40	673,959.40	907,918.80
06/01/2021			225,159.40	225,159.40	
12/01/2021	450,000	3.625%	225,159.40	675,159.40	900,318.80
06/01/2022			217,003.15	217,003.15	
12/01/2022	475,000	3.750%	217,003.15	692,003.15	909,006.30
06/01/2023			208,096.90	208,096.90	
12/01/2023	715,000	4.000%	208,096.90	923,096.90	1,131,193.80
06/01/2024			193,796.90	193,796.90	
12/01/2024	740,000	4.000%	193,796.90	933,796.90	1,127,593.80
06/01/2025			178,996.90	178,996.90	
12/01/2025	770,000	4.000%	178,996.90	948,996.90	1,127,993.80
06/01/2026			163,596.90	163,596.90	
12/01/2026	805,000	4.000%	163,596.90	968,596.90	1,132,193.80
06/01/2027			147,496.90	147,496.90	
12/01/2027	840,000	4.125%	147,496.90	987,496.90	1,134,993.80
06/01/2028			130,171.90	130,171.90	
12/01/2028	870,000	4.250%	130,171.90	1,000,171.90	1,130,343.80
06/01/2029			111,684.40	111,684.40	
12/01/2029	905,000	4.250%	111,684.40	1,016,684.40	1,128,368.80
06/01/2030			92,453.15	92,453.15	
12/01/2030	950,000	4.250%	92,453.15	1,042,453.15	1,134,906.30
06/01/2031			72,265.65	72,265.65	
12/01/2031	565,000	4.625%	72,265.65	637,265.65	709,531.30
06/01/2032			59,200.02	59,200.02	
12/01/2032	595,000	4.625%	59,200.02	654,200.02	713,400.04
06/01/2033			45,440.64	45,440.64	
12/01/2033	625,000	4.625%	45,440.64	670,440.64	715,881.28
06/01/2034			30,987.51	30,987.51	
12/01/2034	655,000	4.625%	30,987.51	685,987.51	716,975.02
06/01/2035			15,840.63	15,840.63	
12/01/2035	685,000	4.625%	15,840.63	700,840.63	716,681.26
	12,525,000		5,764,057.10	18,289,057.10	18,289,057.10

Suzanne Harrell

Subject: FW: Stanton Trustee Fees

From: Costales, Lauren J <lauren.costales@usbank.com>

Sent: Friday, November 30, 2018 12:57 PM

To: Suzanne Harrell <s.harrell@harrellco.com>

Cc: Verstuyft, Linda D <linda.verstuyft@usbank.com>

Subject: RE: Stanton

Hi, Suzanne.

Here are my estimates:

	Fees	ROPS A	ROPS B
2010A	1,300	1,300	0
2016 A/B Combined	2,200	2,200	0
2016 C/D Combined	3,300	0	3,300

Please let me know if you have any questions, or if you need anything else.

Kind Regards,

Lauren Costales

Corporate Trust Relationship Manager

p. 213. 615.6527 | f. 213. 615.6197 | lauren.costales@usbank.com

U.S. Bank

Global Corporate Trust

633 West 5th Street, 24th Floor Los Angeles, CA 90071 | LM-CA-T24T | www.usbank.com

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Bond Disclosure Fees Line 8
Paid in ROPS B

	2010 A	2016 A&B	2016C&D	DA Fee	Notices	Total
3/1/2019	1,500	1,500	750	500	50	4,300

Admin Allowance Limit
Greater of 3% Prior EO or \$250,000

18-19A/B EO	7,028,282
Less 18-19 City Loan P	(1,797,746)
Less 18-19 ACA	<u>(250,000)</u>
	4,980,536

3% of 18-19 Net EO 149,416

Minimum

250,000

**RATIFICATION AND AMENDMENT TO LOAN AGREEMENT
(2009/10 SERAF PAYMENT)
BETWEEN THE CITY OF STANTON AND THE
FORMER REDEVELOPMENT AGENCY OF THE CITY OF STANTON
(DATED FEBRUARY 9, 2010)**

THIS RATIFICATION AND AMENDMENT TO LOAN AGREEMENT (2009/10 SERAF PAYMENT) (this "Amendment") is entered into this 24th day of September, 2013, by and between the CITY OF STANTON, a municipal corporation (the "City"), and the SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF STANTON, a public body, corporate and politic (the "Successor Agency").

RECITALS

The City and the Successor Agency (individually, a "Party" and collectively, the "Parties") enter into this Amendment with reference to the following facts and circumstances:

A. Pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.), the City Council of City activated the Redevelopment Agency of the City of Stanton (the "Redevelopment Agency") and subsequently adopted the Project 2000 Plan (the "Redevelopment Plan").

B. The City and Redevelopment Agency entered into a Loan Agreement, dated February 9, 2010 ("Loan Agreement"), whereby the City agreed to provide to the Redevelopment Agency a loan not to exceed Four Million Nine Hundred Twenty Six Thousand Four Hundred and Sixty Three Dollars (\$4,926,463), with a simple interest rate of seven percent (7%) per annum, to meet its Fiscal Year 2009/10 Supplemental Education Revenue Augmentation Fund obligations of which Four Million Eighty Six Thousand Twenty Nine (\$4,086,029) was ultimately loaned to the Agency .

C. Assembly Bill 1X 26 ("AB 26"), enacted as part of the 2011-2012 State of California budget bill, and as modified by the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("Legal Action"), dissolved and set out procedures for the wind-down of all redevelopment agencies throughout the State effective February 1, 2012. In June 2012, the California Legislature adopted Assembly Bill 1484 ("AB 1484," and collectively with AB 26, the "Dissolution Act") further modifying some of the procedures set forth in AB 26, and adding certain other procedures and requirements for the dissolution and wind-down of redevelopment agencies.

D. The Successor Agency is the successor entity to the former Redevelopment Agency and, pursuant to the Dissolution Act, is responsible for the wind-down of the former Redevelopment Agency, including without limitation the performance and repayment of all enforceable obligations of the former Redevelopment Agency.

E. Health and Safety Code Section 34171(d)(2), as modified by AB 1484, provides, with a few exceptions, that "enforceable obligation" does not include any agreements, contracts,

or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency.

F. Health and Safety Code Section 34179.7, added by AB 1484, provides that upon completion of certain requirements and payment of certain amounts as required by Sections 34179.6 and 34183.5, the Department of Finance ("DOF") shall issue, within five business days, a finding of completion of the requirements of Section 34179.6 to the successor agency. Health and Safety Code Section 34191.4, also added by AB 1484, provides in part that, following issuance of a finding of completion by DOF, and upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

G. In addition to establishing when a loan agreement will be deemed to be an enforceable obligation, Section 34191.4 further establishes certain restrictions and limitations on, among other things, the calculation of interest on the remaining principal amount of the loan, the amounts that can be repaid from time to time under the loan agreement, and requires that twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to a Low and Moderate Income Housing Asset Fund.

H. The Successor Agency has received a finding of completion by DOF and, as such, the parties desire to enter into this Amendment in order to ratify the existence and validity of the Loan Agreement, and to establish their understanding and agreement as to the limitations and restrictions that will apply to the repayment to the City of all amounts due and owing the City by the former Redevelopment Agency under the Loan Agreement pursuant to the Dissolution Act.

AMENDMENT

NOW, THEREFORE, for good and valuable consideration, including the mutual promises and covenants contained herein, the Parties mutually agree as follows:

1. Purpose. The purpose of this Amendment is (a) to ratify the existence and validity of the Loan Agreement, and (b) to establish the understanding and agreement of the parties as to the limitations and restrictions that will apply to the repayment to the City of all amounts due and owing the City by the former Redevelopment Agency under the Loan Agreement pursuant to the Dissolution Act.

2. Loan Amount. The outstanding principal amount owed to the City under the Loan Agreement as of February 1, 2012 (the date of dissolution of the former Redevelopment Agency), is \$4,086,029 provided the Conditions Precedent in Section 4, below, have been satisfied, the loan shall be repaid pursuant to the payment schedule set forth in Exhibit 1.

3. Loan was for Legitimate Redevelopment Purposes. The parties acknowledge and agree that the amounts due to the City under the Loan Agreement reflect:

a. Amounts due and owing to the City to repay to the City a loan of City funds obtained to cover the Redevelopment Agency's SERAF obligation, as required pursuant to Health and Safety Code Section 33690 for the 2009-2010 fiscal year.

b. Repayment to the City of amounts loaned to or advanced on behalf of the Redevelopment Agency to further the Redevelopment Agency's redevelopment activities.

4. Conditions Precedent to Repayment. The Parties understand and agree that, pursuant to the Dissolution Act, the Loan Agreement will be deemed to be an "enforceable obligation" only after completion of the following actions:

a. The Successor Agency shall have been issued a finding of completion by DOF pursuant to Health and Safety Code Section 34179.7; and

b. The Successor Agency shall have applied for and the Oversight Board shall have approved the Loan Agreement, and made a finding that the loan of funds to the Redevelopment Agency under the Loan Agreement was for legitimate redevelopment purposes.

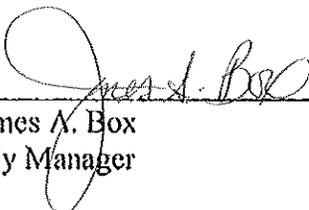
The Parties acknowledge and agree that DOF has issued a finding of completion to the Successor Agency pursuant to Health and Safety Code Section 34179.7. The Successor Agency and City shall cooperate in providing any documentation and evidence to the Oversight Board as necessary to obtain from the Oversight Board approval of the Loan Agreement, together with a finding that the loan of funds by the City to the former Redevelopment Agency under the Loan Agreement was for legitimate redevelopment purposes.

5. The Parties acknowledge and agree that the repayment of amounts owing to the City under the Loan Agreement shall be subject to the limitations and restrictions set forth in Health and Safety Code Section 34191.4(b).

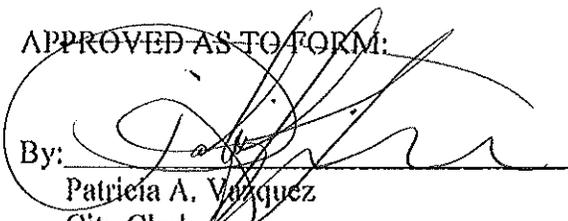
[Signatures on following page]

IN WITNESS WHEREOF, the City and Successor Agency have executed this Amendment as of the date first set forth above.

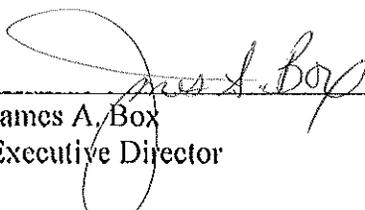
CITY OF STANTON

By: 
James A. Box
City Manager

APPROVED AS TO FORM:

By: 
Patricia A. Vazquez
City Clerk

**SUCCESSOR AGENCY TO THE
FORMER REDEVELOPMENT AGENCY
OF THE CITY OF STANTON**

By: 
James A. Box
Executive Director

APPROVED AS TO FORM:

By: 
Matthew E. Richardson
General Counsel

EXHIBIT 1
REPAYMENT SCHEDULE

**Exhibit 1
Repayment Schedule**

	<u>Projected Residual</u>	<u>12/13 Residual (ROPS II and ROPS III)</u>	<u>Incremental Increase in Residual</u>	<u>50% to City Loan</u>	<u>Balance Loan (SERAF)</u>	<u>LAIF Rate</u>	<u>Accrued Interest</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
					5/6/2010				
					6/30/2010	4,086,029	0.56%	3,496	
					9/30/2010	4,086,029	0.51%	5,210	
					12/31/2010	4,086,029	0.46%	4,699	
					3/31/2011	4,086,029	0.51%	5,210	
					6/30/2011	4,086,029	0.48%	4,903	
					9/30/2011	4,086,029	0.38%	3,882	
					12/31/2011	4,086,029	0.38%	3,882	
					3/31/2012	4,086,029	0.38%	3,882	
					6/30/2012	4,086,029	0.36%	3,677	
					9/30/2012	4,086,029	0.35%	3,575	
					12/31/2012	4,086,029	0.32%	3,269	
					3/31/2013	4,086,029	0.28%	2,860	
					6/30/2013	4,086,029	0.24%	2,452	
13/14	3,883,554	(780,014)	3,103,540	1,551,770	6/30/2014	4,086,029	0.25%	2,554	.
14/15	3,611,886	(780,014)	2,831,872	1,415,936	6/30/2015	4,086,029	0.35%	3,575	.
15/16	3,078,885	(780,014)	2,298,871	1,149,435	6/30/2016	4,086,029	0.45%	4,597	.
16/17	3,292,385	(780,014)	2,512,371	1,256,185	6/30/2017	4,086,029	0.50%	5,108	(813,342)
17/18	3,292,385	(780,014)	2,512,371	1,256,185	6/30/2018	3,272,687	0.50%	4,091	(1,256,185)
18/19	3,292,385	(780,014)	2,512,371	1,256,185	6/30/2019	2,016,501	0.50%	2,521	(1,256,185)
19/20	3,292,385	(780,014)	2,512,371	1,256,185	6/30/2020	760,316	0.50%	950	(760,316)
								<u>74,393</u>	<u>(4,086,029)</u>
									<u>(74,393)</u>

Note: LAIF rates are estimates only

**RATIFICATION AND AMENDMENT TO LOAN AGREEMENT
(PROJECT 2000 PLAN)
BETWEEN THE CITY OF STANTON AND THE
FORMER REDEVELOPMENT AGENCY OF THE CITY OF STANTON
(DATED JUNE 24, 2003)**

THIS RATIFICATION AND AMENDMENT TO LOAN AGREEMENT (Project 2000 Plan) (this "Amendment") is entered into this 24th day of September, 2013, by and between the CITY OF STANTON, a municipal corporation (the "City"), and the SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF STANTON, a public body, corporate and politic (the "Successor Agency").

RECITALS

The City and the Successor Agency (individually, a "Party" and collectively, the "Parties") enter into this Amendment with reference to the following facts and circumstances:

A. Pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.), the City Council of City activated the Redevelopment Agency of the City of Stanton (the "Redevelopment Agency") and subsequently adopted the Project 2000 Plan (the "Redevelopment Plan").

B. The City and Redevelopment Agency entered into a Loan Agreement, dated June 24, 2003 ("Loan Agreement"), whereby the City agreed to provide to the Redevelopment Agency a loan not to exceed Two Million Dollars (\$2,000,000), with a simple interest rate of seven percent (7%) per annum, to meet its administrative and other operating expenses, in order to assist the Redevelopment Agency to carry out its functions under the Community Redevelopment Law and to assist with implementation of the Redevelopment Plan.

C. Assembly Bill 1X 26 ("AB 26"), enacted as part of the 2011-2012 State of California budget bill, and as modified by the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("Legal Action"), dissolved and set out procedures for the wind-down of all redevelopment agencies throughout the State effective February 1, 2012. In June 2012, the California Legislature adopted Assembly Bill 1484 ("AB 1484," and collectively with AB 26, the "Dissolution Act") further modifying some of the procedures set forth in AB 26, and adding certain other procedures and requirements for the dissolution and wind-down of redevelopment agencies.

D. The Successor Agency is the successor entity to the former Redevelopment Agency and, pursuant to the Dissolution Act, is responsible for the wind-down of the former Redevelopment Agency, including without limitation the performance and repayment of all enforceable obligations of the former Redevelopment Agency.

E. Health and Safety Code Section 34171(d)(2), as modified by AB 1484, provides, with a few exceptions, that "enforceable obligation" does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment

agency and the former redevelopment agency.

F. Health and Safety Code Section 34179.7, added by AB 1484, provides that upon completion of certain requirements and payment of certain amounts as required by Sections 34179.6 and 34183.5, the Department of Finance ("DOF") shall issue, within five business days, a finding of completion of the requirements of Section 34179.6 to the successor agency. Health and Safety Code Section 34191.4, also added by AB 1484, provides in part that, following issuance of a finding of completion by DOF, and upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

G. In addition to establishing when a loan agreement will be deemed to be an enforceable obligation, Section 34191.4 further establishes certain restrictions and limitations on, among other things, the calculation of interest on the remaining principal amount of the loan, the amounts that can be repaid from time to time under the loan agreement, and requires that twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to a Low and Moderate Income Housing Asset Fund.

H. The Successor Agency has received a finding of completion by DOF and, as such, the parties desire to enter into this Amendment in order to ratify the existence and validity of the Loan Agreement, and to establish their understanding and agreement as to the limitations and restrictions that will apply to the repayment to the City of all amounts due and owing the City by the former Redevelopment Agency under the Loan Agreement pursuant to the Dissolution Act.

AMENDMENT

NOW, THEREFORE, for good and valuable consideration, including the mutual promises and covenants contained herein, the Parties mutually agree as follows:

1. Purpose. The purpose of this Amendment is (a) to ratify the existence and validity of the Loan Agreement, and (b) to establish the understanding and agreement of the parties as to the limitations and restrictions that will apply to the repayment to the City of all amounts due and owing the City by the former Redevelopment Agency under the Loan Agreement pursuant to the Dissolution Act.

2. Loan Amount. The outstanding principal amount owed to the City under the Loan Agreement as of February 1, 2012 (the date of dissolution of the former Redevelopment Agency), is \$2,000,000. Provided the Conditions Precedent in Section 4, below, have been satisfied, the loan shall be repaid pursuant to the payment schedule set forth in Exhibit 1.

3. Loan was for Legitimate Redevelopment Purposes. The parties acknowledge and agree that the amounts due to the City under the Loan Agreement reflect:

a. Amounts due and owing to the City to reimburse the City for costs incurred by the City to provide staff assistance, supplies, technical services and other services and facilities to the Redevelopment Agency in implementing the Redevelopment Plan. Health

and Safety Code Section 33127 provides a redevelopment agency with the power to obtain, hire, purchase or rent office space, equipment, supplies, insurance or services in order to carry out its redevelopment activities. Health and Safety Code Section 33133 authorizes a redevelopment agency to accept assistance from any public or private source for the agency's activities, powers and duties. The Redevelopment Agency was established for the purpose of improving, rehabilitating and redeveloping the blighted areas constituting the Redevelopment Project Area pursuant to the adopted Redevelopment Plan, and the Redevelopment Agency entered into the Loan Agreement with the City in order to obtain the staffing services, equipment and facilities required to carry out its duties under the Community Redevelopment Law and the Redevelopment Plan.

b. Repayment to the City of amounts loaned to or advanced on behalf of the Redevelopment Agency to further the Redevelopment Agency's redevelopment activities.

4. Conditions Precedent to Repayment. The Parties understand and agree that, pursuant to the Dissolution Act, the Loan Agreement will be deemed to be an "enforceable obligation" only after completion of the following actions:

a. The Successor Agency shall have been issued a finding of completion by DOF pursuant to Health and Safety Code Section 34179.7; and

b. The Successor Agency shall have applied for and the Oversight Board shall have approved the Loan Agreement, and made a finding that the loan of funds to the Redevelopment Agency under the Loan Agreement was for legitimate redevelopment purposes.

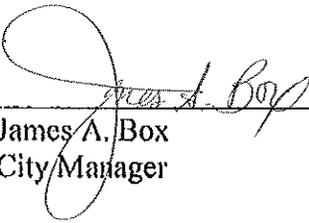
The Parties acknowledge and agree that DOF has issued a finding of completion to the Successor Agency pursuant to Health and Safety Code Section 34179.7. The Successor Agency and City shall cooperate in providing any documentation and evidence to the Oversight Board as necessary to obtain from the Oversight Board approval of the Loan Agreement, together with a finding that the loan of funds by the City to the former Redevelopment Agency under the Loan Agreement was for legitimate redevelopment purposes.

5. The Parties acknowledge and agree that the repayment of amounts owing to the City under the Loan Agreement shall be subject to the limitations and restrictions set forth in Health and Safety Code Section 34191.4(b).

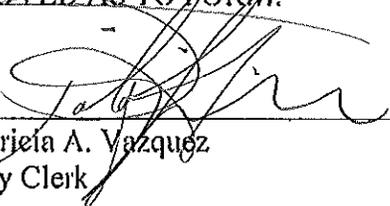
[Signatures on following page]

IN WITNESS WHEREOF, the City and Successor Agency have executed this Amendment as of the date first set forth above.

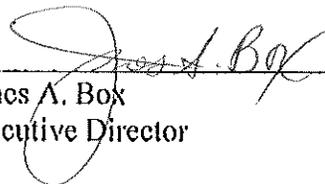
CITY OF STANTON

By:  _____
James A. Box
City Manager

APPROVED AS TO FORM:

By:  _____
Patriela A. Vazquez
City Clerk

**SUCCESSOR AGENCY TO THE
FORMER REDEVELOPMENT AGENCY
OF THE CITY OF STANTON**

By:  _____
James A. Box
Executive Director

APPROVED AS TO FORM:

By:  _____
Matthew E. Richardson
General Counsel

Exhibit 1
Repayment Schedule

Projected Residual	12/13 Residual (ROPS II and ROPS III)	Incremental Increase in Residual	50% to City Loan	Balance June 24,		Accrued Interest	Principal Payment	Interest Payment	
				2003 Loan	LAIF Rate				
				5/6/2010					
				6/30/2010	2,000,000	0.56%	-		
				9/30/2010	2,000,000	0.51%	2,550		
				12/31/2010	2,000,000	0.46%	2,300		
				3/31/2011	2,000,000	0.51%	2,550		
				6/30/2011	2,000,000	0.48%	2,400		
				9/30/2011	2,000,000	0.38%	1,900		
				12/31/2011	2,000,000	0.38%	1,900		
				3/31/2012	2,000,000	0.38%	1,900		
				6/30/2012	2,000,000	0.36%	1,800		
				9/30/2012	2,000,000	0.35%	1,750		
				12/31/2012	2,000,000	0.32%	1,600		
				3/31/2013	2,000,000	0.28%	1,400		
				6/30/2013	2,000,000	0.24%	1,200		
13/14	3,883,554	(780,014)	3,103,540	1,551,770	6/30/2014	2,000,000	0.25%	1,250	-
14/15	3,611,886	(780,014)	2,831,872	1,415,936	6/30/2015	2,000,000	0.35%	1,750	(436,249)
15/16	3,078,885	(780,014)	2,298,871	1,149,435	6/30/2016	1,563,751	0.45%	1,759	(1,149,435)
16/17	3,292,385	(780,014)	2,512,371	1,256,185	6/30/2017	414,316	0.50%	518	(414,316) (28,527)
17/18	3,292,385	(780,014)	2,512,371	1,256,185	6/30/2018	(0)	0.50%	-	-
18/19	3,292,385	(780,014)	2,512,371	1,256,185	6/30/2019	(0)	0.50%	-	-
19/20	3,292,385	(780,014)	2,512,371	1,256,185	6/30/2020	(0)	0.50%	-	-
							28,527	(2,000,000)	(28,527)

Note: LAIF rates are estimates only



December 24, 2013

Mr. Omar Dadabhoy, Community Development Director
City of Stanton
7800 Katella Avenue
Stanton, CA 90680

Dear Mr. Dadabhoy:

Subject: Approval of Oversight Board Action

The City of Stanton Successor Agency (Agency) notified the California Department of Finance (Finance) of its October 3, 2013 Oversight Board (OB) resolution on November 18, 2013. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, the Agency's OB Resolution NO. SOB 2013-08, approving ratification and amendment to loan agreements between the City of Stanton and the former redevelopment agency of the City of Stanton, is approved.

The Agency received a Finding of Completion on August 15, 2013. The Oversight Board finds the loan was for legitimate redevelopment purposes. However, please note HSC section 34191.4 (b) (2) (A) outlines the repayment formula to be used for the repayment of City loans. The residual distribution amount for the 2013-14 fiscal year must be known prior to creating a payment schedule. Therefore, the actual loan repayments should be placed on subsequent Recognized Payment Obligation Schedule for Finance's review, and the actual amount that will be authorized for repayment will be subject to the repayment formula.

Please direct inquiries to Nichelle Thomas, Supervisor, or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Suzanne Harrell, Managing Director, City of Stanton
Mr. Frank Davies, Property Tax Manager, Orange County
California State Controller's Office

Loan - ROPS Item 70

	<u>Balance Loan 3</u>	<u>LAIF Rate</u>	<u>Accrued Interest</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total</u>
5/6/2010	4,086,029					
6/30/2010	4,086,029	0.56%	3,496			
9/30/2010	4,086,029	0.51%	5,210			
12/31/2010	4,086,029	0.46%	4,699			
3/31/2011	4,086,029	0.51%	5,210			
6/30/2011	4,086,029	0.48%	4,903			
9/30/2011	4,086,029	0.38%	3,882			
12/31/2011	4,086,029	0.38%	3,882			
3/31/2012	4,086,029	0.38%	3,882			
6/30/2012	4,086,029	0.36%	3,677			
9/30/2012	4,086,029	0.35%	3,575			
12/31/2012	4,086,029	0.32%	3,269			
3/31/2013	4,086,029	0.28%	2,860			
6/30/2013	4,086,029	0.24%	2,452			
9/30/2013	4,086,029	0.26%	2,656			
12/31/2013	4,086,029	0.26%	2,656			
3/31/2014	4,086,029	0.23%	2,349			
6/30/2014	4,086,029	0.22%	2,247			
9/30/2014	4,086,029	0.24%	2,452			
12/31/2014	4,086,029	0.25%	2,554			
3/31/2015	4,086,029	0.26%	2,656			
6/30/2015	4,086,029	0.28%	2,860			
9/30/2015	4,086,029	0.32%	3,269			
12/31/2015	4,086,029	0.37%	3,780			
3/31/2016	4,086,029	0.46%	4,699			
6/30/2016	4,086,029	0.55%	5,618			
9/30/2016	4,086,029	0.60%	6,129	-		
12/31/2016	4,086,029	0.68%	6,946	(1,280,980)		
			101,868			
ROPS 17-18 Balance	2,805,049		101,868			2,906,917
3/31/2017	2,805,049	0.78%	5,470			
6/30/2017	2,805,049	0.92%	6,452			
9/30/2017	2,805,049	1.07%	4,453	(1,140,527)		
12/31/2017	1,664,522	1.20%	4,994	-		Updated
3/31/2018	1,664,522	1.51%	6,284	-		Updated
6/30/2018	1,664,522	1.90%	7,906	-		Updated
ROPS 18-19 Balance	1,664,522		137,427			1,801,949
9/30/2018	-		4,203	(1,797,746)		
ROPS 19-20 Balance	-		4,203			4,203

Loan - ROPS Item 83

	<u>Balance Loan 2</u>	<u>LAIF Rate</u>	<u>Accrued Interest</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total</u>
			-			
6/30/2010	2,000,000	0.56%	-			
9/30/2010	2,000,000	0.51%	2,550			
12/31/2010	2,000,000	0.46%	2,300			
3/31/2011	2,000,000	0.51%	2,550			
6/30/2011	2,000,000	0.48%	2,400			
9/30/2011	2,000,000	0.38%	1,900			
12/31/2011	2,000,000	0.38%	1,900			
3/31/2012	2,000,000	0.38%	1,900			
6/30/2012	2,000,000	0.36%	1,800			
9/30/2012	2,000,000	0.35%	1,750			
12/31/2012	2,000,000	0.32%	1,600			
3/31/2013	2,000,000	0.28%	1,400			
6/30/2013	2,000,000	0.24%	1,200			
9/30/2013	2,000,000	0.26%	1,300			
12/31/2013	2,000,000	0.26%	1,300			
3/31/2014	2,000,000	0.23%	1,150			
6/30/2014	2,000,000	0.22%	1,100			
9/30/2014	2,000,000	0.24%	1,200			
12/31/2014	2,000,000	0.25%	1,250			
3/31/2015	2,000,000	0.26%	1,300			
6/30/2015	2,000,000	0.28%	1,400			
9/30/2015	2,000,000	0.32%	1,600			
12/31/2015	2,000,000	0.37%	1,850			
3/31/2016	2,000,000	0.46%	2,300			
6/30/2016	2,000,000	0.55%	2,750			
9/30/2016	2,000,000	0.60%	3,000			
12/31/2016	2,000,000	0.68%	3,400			
			48,150			
ROPS 17-18 Balance	2,000,000		48,150			2,048,150
3/31/2017	2,000,000	0.78%	3,900			
6/30/2017	2,000,000	0.92%	4,600			
9/30/2017	2,000,000	1.07%	5,350	-		
12/31/2017	2,000,000	1.20%	6,000	-		
3/31/2018	2,000,000	1.51%	7,550	-		
6/30/2018	2,000,000	1.90%	9,500	-		
ROPS 18-19 Balance	2,000,000		85,050			2,085,050
9/30/2018	2,000,000	2.16%	10,800			
12/31/2018	2,000,000	2.20%	11,000			Estimate
3/31/2019	2,000,000	2.40%	12,000			Estimate
6/30/2019	2,000,000	2.60%	13,000			Estimate
9/30/2019						Estimate
				-		
ROPS 19-20 Balance	2,000,000		131,850			2,131,850

BOND DEBT SERVICE

Stanton Successor Agency
Subordinate Tax Allocation Refunding Bonds, 2016 Series A

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2016	85,000	2.000%	194,040.14	279,040.14	279,040.14
06/01/2017			124,787.50	124,787.50	
12/01/2017	200,000	2.000%	124,787.50	324,787.50	449,575.00
06/01/2018			122,787.50	122,787.50	
12/01/2018	330,000	3.000%	122,787.50	452,787.50	575,575.00
06/01/2019			117,837.50	117,837.50	
12/01/2019	340,000	4.000%	117,837.50	457,837.50	575,675.00
06/01/2020			111,037.50	111,037.50	
12/01/2020	355,000	2.000%	111,037.50	466,037.50	577,075.00
06/01/2021			107,487.50	107,487.50	
12/01/2021	365,000	4.000%	107,487.50	472,487.50	579,975.00
06/01/2022			100,187.50	100,187.50	
12/01/2022	380,000	2.000%	100,187.50	480,187.50	580,375.00
06/01/2023			96,387.50	96,387.50	
12/01/2023	300,000	5.000%	96,387.50	396,387.50	492,775.00
06/01/2024			88,887.50	88,887.50	
12/01/2024	310,000	5.000%	88,887.50	398,887.50	487,775.00
06/01/2025			81,137.50	81,137.50	
12/01/2025	325,000	5.000%	81,137.50	406,137.50	487,275.00
06/01/2026			73,012.50	73,012.50	
12/01/2026	345,000	5.000%	73,012.50	418,012.50	491,025.00
06/01/2027			64,387.50	64,387.50	
12/01/2027	360,000	5.000%	64,387.50	424,387.50	488,775.00
06/01/2028			55,387.50	55,387.50	
12/01/2028	380,000	5.000%	55,387.50	435,387.50	490,775.00
06/01/2029			45,887.50	45,887.50	
12/01/2029	400,000	3.250%	45,887.50	445,887.50	491,775.00
06/01/2030			39,387.50	39,387.50	
12/01/2030	405,000	2.750%	39,387.50	444,387.50	483,775.00
06/01/2031			33,818.75	33,818.75	
12/01/2031	425,000	3.000%	33,818.75	458,818.75	492,637.50
06/01/2032			27,443.75	27,443.75	
12/01/2032	435,000	3.000%	27,443.75	462,443.75	489,887.50
06/01/2033			20,918.75	20,918.75	
12/01/2033	445,000	3.000%	20,918.75	465,918.75	486,837.50
06/01/2034			14,243.75	14,243.75	
12/01/2034	460,000	3.000%	14,243.75	474,243.75	488,487.50
06/01/2035			7,343.75	7,343.75	
12/01/2035	470,000	3.125%	7,343.75	477,343.75	484,687.50
	7,115,000		2,858,777.64	9,973,777.64	9,973,777.64

Note: Final

BOND DEBT SERVICE

Stanton Successor Agency
Subordinate Taxable Tax Allocation Refunding Bonds, 2016 Series B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2016	140,000	1.000%	341,669.72	481,669.72	481,669.72
06/01/2017			220,525.00	220,525.00	
12/01/2017	400,000	1.500%	220,525.00	620,525.00	841,050.00
06/01/2018			217,525.00	217,525.00	
12/01/2018	640,000	1.750%	217,525.00	857,525.00	1,075,050.00
06/01/2019			211,925.00	211,925.00	
12/01/2019	645,000	2.000%	211,925.00	856,925.00	1,068,850.00
06/01/2020			205,475.00	205,475.00	
12/01/2020	660,000	2.250%	205,475.00	865,475.00	1,070,950.00
06/01/2021			198,050.00	198,050.00	
12/01/2021	680,000	2.500%	198,050.00	878,050.00	1,076,100.00
06/01/2022			189,550.00	189,550.00	
12/01/2022	690,000	2.750%	189,550.00	879,550.00	1,069,100.00
06/01/2023			180,062.50	180,062.50	
12/01/2023	575,000	3.000%	180,062.50	755,062.50	935,125.00
06/01/2024			171,437.50	171,437.50	
12/01/2024	595,000	3.125%	171,437.50	766,437.50	937,875.00
06/01/2025			162,140.63	162,140.63	
12/01/2025	615,000	3.250%	162,140.63	777,140.63	939,281.26
06/01/2026			152,146.88	152,146.88	
12/01/2026	630,000	3.500%	152,146.88	782,146.88	934,293.76
06/01/2027			141,121.88	141,121.88	
12/01/2027	655,000	4.000%	141,121.88	796,121.88	937,243.76
06/01/2028			128,021.88	128,021.88	
12/01/2028	680,000	4.000%	128,021.88	808,021.88	936,043.76
06/01/2029			114,421.88	114,421.88	
12/01/2029	710,000	4.000%	114,421.88	824,421.88	938,843.76
06/01/2030			100,221.88	100,221.88	
12/01/2030	740,000	4.000%	100,221.88	840,221.88	940,443.76
06/01/2031			85,421.88	85,421.88	
12/01/2031	770,000	4.000%	85,421.88	855,421.88	940,843.76
06/01/2032			70,021.88	70,021.88	
12/01/2032	800,000	4.125%	70,021.88	870,021.88	940,043.76
06/01/2033			53,521.88	53,521.88	
12/01/2033	830,000	4.125%	53,521.88	883,521.88	937,043.76
06/01/2034			36,403.13	36,403.13	
12/01/2034	865,000	4.125%	36,403.13	901,403.13	937,806.26
06/01/2035			18,562.50	18,562.50	
12/01/2035	900,000	4.125%	18,562.50	918,562.50	937,125.00
	13,220,000		5,654,782.32	18,874,782.32	18,874,782.32

Note: Final

Rebate Line 98

	<u>ROPS A</u>	<u>ROPS B</u>	<u>Total</u>
2017-18	-	-	-
2018-19	-	-	-
2019-20	-	2,500	2,500

	<u>Last Calc</u>	<u>Next Calc</u>	<u>Fee</u>
2010A	12/1/2014	12/1/2019	2,500
2016A		12/1/2020	2,500
2016B		N/A	
2016C		12/1/2021	2,500
2016D		N/A	

BOND DEBT SERVICE

Successor Agency to the Stanton Redevelopment Agency
2016 C Tax-Exempt Bonds Allocable to 2010 Refunding

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2017			226,613.06	226,613.06	
12/01/2017	335,000	2.000%	245,725.00	580,725.00	807,338.06
06/01/2018			242,375.00	242,375.00	
12/01/2018			242,375.00	242,375.00	484,750.00
06/01/2019			242,375.00	242,375.00	
12/01/2019			242,375.00	242,375.00	484,750.00
06/01/2020			242,375.00	242,375.00	
12/01/2020			242,375.00	242,375.00	484,750.00
06/01/2021			242,375.00	242,375.00	
12/01/2021			242,375.00	242,375.00	484,750.00
06/01/2022			242,375.00	242,375.00	
12/01/2022			242,375.00	242,375.00	484,750.00
06/01/2023			242,375.00	242,375.00	
12/01/2023			242,375.00	242,375.00	484,750.00
06/01/2024			242,375.00	242,375.00	
12/01/2024			242,375.00	242,375.00	484,750.00
06/01/2025			242,375.00	242,375.00	
12/01/2025			242,375.00	242,375.00	484,750.00
06/01/2026			242,375.00	242,375.00	
12/01/2026			242,375.00	242,375.00	484,750.00
06/01/2027			242,375.00	242,375.00	
12/01/2027			242,375.00	242,375.00	484,750.00
06/01/2028			242,375.00	242,375.00	
12/01/2028			242,375.00	242,375.00	484,750.00
06/01/2029			242,375.00	242,375.00	
12/01/2029			242,375.00	242,375.00	484,750.00
06/01/2030			242,375.00	242,375.00	
12/01/2030			242,375.00	242,375.00	484,750.00
06/01/2031			242,375.00	242,375.00	
12/01/2031			242,375.00	242,375.00	484,750.00
06/01/2032			242,375.00	242,375.00	
12/01/2032			242,375.00	242,375.00	484,750.00
06/01/2033			242,375.00	242,375.00	
12/01/2033			242,375.00	242,375.00	484,750.00
06/01/2034			242,375.00	242,375.00	
12/01/2034			242,375.00	242,375.00	484,750.00
06/01/2035			242,375.00	242,375.00	
12/01/2035			242,375.00	242,375.00	484,750.00
06/01/2036			242,375.00	242,375.00	
12/01/2036	1,750,000	5.000%	242,375.00	1,992,375.00	2,234,750.00
06/01/2037			198,625.00	198,625.00	
12/01/2037	1,845,000	5.000%	198,625.00	2,043,625.00	2,242,250.00
06/01/2038			152,500.00	152,500.00	
12/01/2038	1,935,000	5.000%	152,500.00	2,087,500.00	2,240,000.00
06/01/2039			104,125.00	104,125.00	
12/01/2039	2,030,000	5.000%	104,125.00	2,134,125.00	2,238,250.00
06/01/2040			53,375.00	53,375.00	
12/01/2040	2,135,000	5.000%	53,375.00	2,188,375.00	2,241,750.00
	10,030,000		10,699,838.06	20,729,838.06	20,729,838.06

Note: FINAL

BOND DEBT SERVICE

Successor Agency to the Stanton Redevelopment Agency
Taxable Tax Allocation Refunding Bonds, 2016 Series D

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2017			408,432.05	408,432.05	
12/01/2017	955,000	1.250%	442,878.13	1,397,878.13	1,806,310.18
06/01/2018			436,909.38	436,909.38	
12/01/2018	1,115,000	1.625%	436,909.38	1,551,909.38	1,988,818.76
06/01/2019			427,850.01	427,850.01	
12/01/2019	1,135,000	2.000%	427,850.01	1,562,850.01	1,990,700.02
06/01/2020			416,500.01	416,500.01	
12/01/2020	1,155,000	2.250%	416,500.01	1,571,500.01	1,988,000.02
06/01/2021			403,506.26	403,506.26	
12/01/2021	1,180,000	2.500%	403,506.26	1,583,506.26	1,987,012.52
06/01/2022			388,756.26	388,756.26	
12/01/2022	1,205,000	2.750%	388,756.26	1,593,756.26	1,982,512.52
06/01/2023			372,187.51	372,187.51	
12/01/2023	1,240,000	3.000%	372,187.51	1,612,187.51	1,984,375.02
06/01/2024			353,587.51	353,587.51	
12/01/2024	1,280,000	3.125%	353,587.51	1,633,587.51	1,987,175.02
06/01/2025			333,587.51	333,587.51	
12/01/2025	1,320,000	3.250%	333,587.51	1,653,587.51	1,987,175.02
06/01/2026			312,137.51	312,137.51	
12/01/2026	1,360,000	3.375%	312,137.51	1,672,137.51	1,984,275.02
06/01/2027			289,187.50	289,187.50	
12/01/2027	1,410,000	4.000%	289,187.50	1,699,187.50	1,988,375.00
06/01/2028			260,987.50	260,987.50	
12/01/2028	1,465,000	4.000%	260,987.50	1,725,987.50	1,986,975.00
06/01/2029			231,687.50	231,687.50	
12/01/2029	1,520,000	4.000%	231,687.50	1,751,687.50	1,983,375.00
06/01/2030			201,287.50	201,287.50	
12/01/2030	1,580,000	4.000%	201,287.50	1,781,287.50	1,982,575.00
06/01/2031			169,687.50	169,687.50	
12/01/2031	950,000	4.000%	169,687.50	1,119,687.50	1,289,375.00
06/01/2032			150,687.50	150,687.50	
12/01/2032	990,000	4.000%	150,687.50	1,140,687.50	1,291,375.00
06/01/2033			130,887.50	130,887.50	
12/01/2033	1,030,000	4.000%	130,887.50	1,160,887.50	1,291,775.00
06/01/2034			110,287.50	110,287.50	
12/01/2034	1,065,000	4.250%	110,287.50	1,175,287.50	1,285,575.00
06/01/2035			87,656.25	87,656.25	
12/01/2035	635,000	4.250%	87,656.25	722,656.25	810,312.50
06/01/2036			74,162.50	74,162.50	
12/01/2036	660,000	4.250%	74,162.50	734,162.50	808,325.00
06/01/2037			60,137.50	60,137.50	
12/01/2037	690,000	4.250%	60,137.50	750,137.50	810,275.00
06/01/2038			45,475.00	45,475.00	
12/01/2038	720,000	4.250%	45,475.00	765,475.00	810,950.00
06/01/2039			30,175.00	30,175.00	
12/01/2039	695,000	4.250%	30,175.00	725,175.00	755,350.00
06/01/2040			15,406.25	15,406.25	
12/01/2040	725,000	4.250%	15,406.25	740,406.25	755,812.50
	26,080,000		11,456,779.10	37,536,779.10	37,536,779.10

Note: FINAL

Calculation of ROPS 19-20A Request

	<u>2010 Series A</u>	<u>2016 Series A</u>	<u>2016 Series B</u>	<u>2016 Series C</u>	<u>2016 Series D</u>
12/1/2019 Payment	667,459.40	457,837.50	856,925.00	242,375.00	1,562,850.01
ROPS 18-19B Reserve	<u>(667,459.00)</u>	<u>(170,000.00)</u>	<u>(322,500.00)</u>	<u>(96,194.00)</u>	<u>(1,562,850.00)</u>
ROPS 19-20A Balance Due	0.00	287,837.50	534,425.00	146,181.00	0.00
Surplus Trustee Funds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net for Column N	0.00	287,837.50	534,425.00	146,181.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Calculation of ROPS 19-20B Net RPTTF and Reserve Requested

	<u>2010 Series A</u>	<u>2016 Series A</u>	<u>2016 Series B</u>	<u>2016 Series C</u>	<u>2016 Series D</u>
6/1/2020	233,959.40	111,037.50	205,475.00	242,375.00	416,500.01
12/1/2020	<u>673,959.40</u>	<u>466,037.50</u>	<u>865,475.00</u>	<u>242,375.00</u>	<u>1,571,500.01</u>
Total for Bond Year	907,918.80	577,075.00	1,070,950.00	484,750.00	1,988,000.02
100% Total to be Paid/Reserved from ROPS 19-209B	907,918.80				
50% Total to be Paid/Reserved from ROPS 19-20B	0.00	288,537.50	535,475.00	242,375.00	994,000.01
2016 Savings	0.00	0.00	0.00	95,624.97	994,000.01
Less 6/1/20 Payment	<u>(233,959.40)</u>	<u>(111,037.50)</u>	<u>(205,475.00)</u>	<u>(242,375.00)</u>	<u>(416,500.01)</u>
ROPS 19-20B Reserve for December 2020	673,959.40	177,500.00	330,000.00	95,624.97	1,571,500.01
6/1/20 Payment	233,959.40	111,037.50	205,475.00	242,375.00	416,500.01
Less Surplus Trustee Funds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net 6/1/20 Payment for RPTTF	233,959.40	111,037.50	205,475.00	242,375.00	416,500.01
Rounded up to nearest \$					

Item 107 - Shortfall RPTTF Funding for June 2016 Debt Service

<u>ROPS Request</u>	Item 3 <u>2010 Bonds</u>	Item 4 <u>2011 A Bonds</u>	Item 5 <u>2011 B Bonds</u>	<u>Total</u>
Debt Service Payable June 2016	520,159.38	644,425.00	517,518.75	
Credit for Trustee Funds on Hand	<u>(159.55)</u>	<u>(148.84)</u>	<u>(205.91)</u>	
Net Debt Service	519,999.83	644,276.16	517,312.84	
RPTTF Request (Rounded)	520,001.00	644,277.00	517,314.00	
<u>Trustee Billing</u>				
Debt Service Payable June 2016	520,159.38	644,425.00	517,518.75	
Credit Given for Trustee Funds on Hand	<u>(3.80)</u>	<u>(1.78)</u>	<u>(2.56)</u>	
Net Debt Service Paid by Agency	520,155.58	644,423.22	517,516.19	
Shortfall Advanced above Approved Amount	(154.58)	(146.22)	(202.19)	(502.99)

Maximum Loan Payment for 19-20

ROPS 18-19A Residual	2,700,677	Actual
ROPS 18-19 B Residual	<u>3,179,253</u>	Based on Prior Year - Estimate*
18-19 Residual	5,879,930	
Residual Base	<u>(780,014)</u>	
18-19 Incremental Residual	5,099,916	
50% Max for 19-20	2,549,958	
	4,203	Line 70
	<u>2,131,850</u>	Line 83
19-20 Request	2,136,053	

* Actual Not Available at Time of ROPS preparation

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(1)(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(1)(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	19-20A (July - December)					19-20B (January - June)					W	
											Fund Sources					Fund Sources						
											L	M	N	O	P	Q	R	S	T	U		V
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF		Admin RPTTF
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												
1	2008 T/A Bonds	Bonds Issued On or Before 12/31/10	2/1/2009	8/1/2027	Union Bank	Bonds issued to fund redevelopment	All Areas	\$ 189,717,915	Y	\$ 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
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/Appraiser 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	\$ -						\$ -						\$ -
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94									N	\$ -						\$ -						\$ -
95									N	\$ -						\$ -						\$ -
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	19-20A (July - December)					Q	19-20B (January - June)					W	
											Fund Sources						Fund Sources						
											L	M	N	O	P		R	S	T	U	V		
																							Bond Proceeds
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 Total						19-20B Total	
97									N	\$ -						\$ -							\$ -
98									N	\$ -						\$ -							\$ -
99									N	\$ -						\$ -							\$ -
100									N	\$ -						\$ -							\$ -
101									N	\$ -						\$ -							\$ -
102									N	\$ -						\$ -							\$ -
103									N	\$ -						\$ -							\$ -
104									N	\$ -						\$ -							\$ -
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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		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	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		

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

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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.

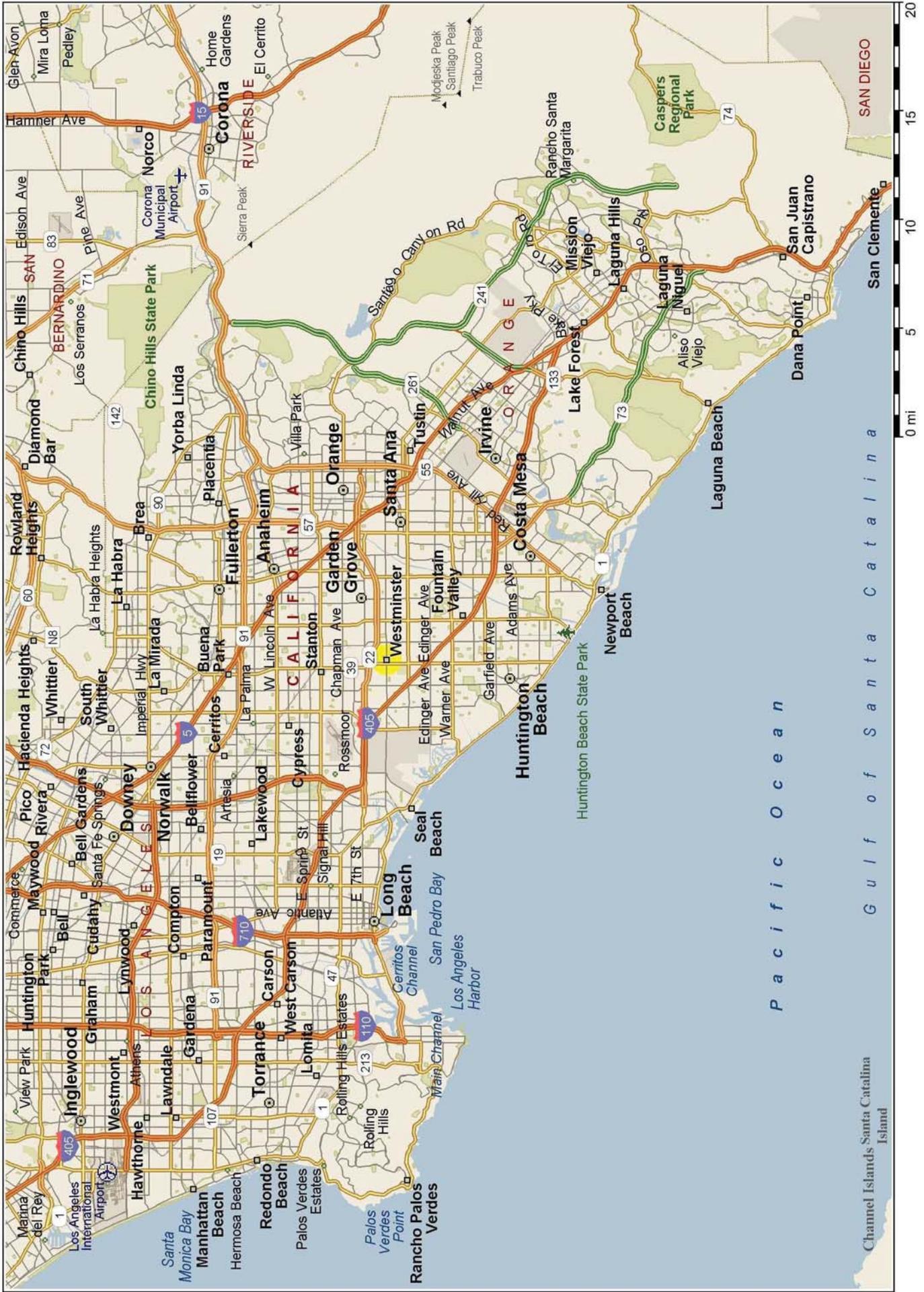
THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE 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.

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
INTRODUCTION.....	1
Authority for Issuance.....	1
Purpose of Issuance.....	1
Security for the Bonds	2
Tax Allocation Financing.....	3
The City and the Agency	3
Definitions and Summaries.....	4
Professionals Involved in the Financing	4
ESTIMATED SOURCES AND USES OF FUNDS	4
FINANCING PLAN	4
THE BONDS.....	5
Description.....	5
Redemption.....	5
Open Market Purchase of Bonds	7
Notice of Redemption	7
Other Redemption Provisions	8
Debt Service Schedule	8
SECURITY FOR THE BONDS	10
Security for the Bonds	10
Allocation of Taxes.....	10
Pledge of Tax Revenues.....	10
Special Fund; Deposit of Tax Revenues	11
No Release of Surplus Until Annual Debt Service Funded	11
2008 Bonds and 2009 Bonds Senior to the Bonds; No Additional Senior Debt.....	12
Additional Debt.....	12
Reserve Account	14
LIMITATIONS ON TAX REVENUES	15
Property Tax Limitations - Article XIII A	15
Challenges to Article XIII A.....	15
Implementing Legislation	15
Property Tax Collection Procedures	16
No Power to Tax	17
Appropriations Limitations - Article XIII B	17
State Board of Equalization and Property Assessment Practices.....	17
Exclusion of Tax Revenues for General Obligation Bonds Debt Service	17
Proposition 218.....	18
Future Initiatives	18
Low and Moderate Income Housing.....	18
Redevelopment Plan Limitations	18
Property Assessment Appeals	19
Property Reassessments	19
THE WESTMINSTER REDEVELOPMENT AGENCY	20
Authority and Management	20
Members and Officers.....	20
Agency Powers	20
Agency’s Financial Statements	20
Factors Affecting Agency Generally	21
AB 1389.....	21
THE WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1	22
Project Area	22
Assessed Valuation	23
Property Tax Appeals for Pledged Areas	25
Land Use in the Pledged Areas	26
Largest Taxpayers	26
Tax Sharing Obligations.....	27
Projected Tax Increment and Tax Revenues	30
Limitations and Requirements of the Redevelopment Plan	34
BOND OWNERS’ RISKS	36
Reductions in Assessed Values of Tax Base.....	36
Reduction in Inflationary Rate	37
Unconventional Mortgage Structures.....	37
Proposition 8 Adjustments	37
Assessment Appeals.....	38
Future Changes in the Law.....	38
Levy and Collection of Taxes	38
Estimates of Tax Revenues	38
Additional Obligations	39
Real Estate and General Economic Risks	39
State of California Fiscal Issues	39
Governor’s Proposal to Eliminate Redevelopment	41
Seismic and Fire Considerations	47
Hazardous Substances	47
Development Risks	47
Bankruptcy Risks	47
Secondary Market	48
CERTAIN LEGAL MATTERS	48
Financial Advisor	48
RATINGS	48
UNDERWRITING	49
CONTINUING DISCLOSURE.....	49
LITIGATION	49
TAX MATTERS	50
State Tax Exemption	53
EXECUTION	53
APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS	A-1
APPENDIX B – GENERAL INFORMATION ABOUT THE CITY OF WESTMINSTER.....	B-1
APPENDIX C – AGENCY’S AUDITED FINANCIAL STATEMENTS.....	C-1
APPENDIX D – FORMS OF BOND COUNSEL OPINIONS	D-1
APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE	E-1
APPENDIX F – BOOK-ENTRY ONLY SYSTEM.....	F-1
APPENDIX G – FISCAL CONSULTANT’S REPORT	G-1

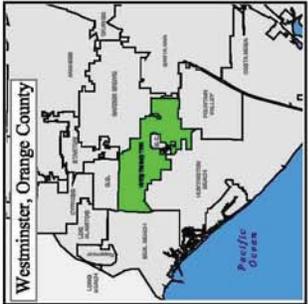
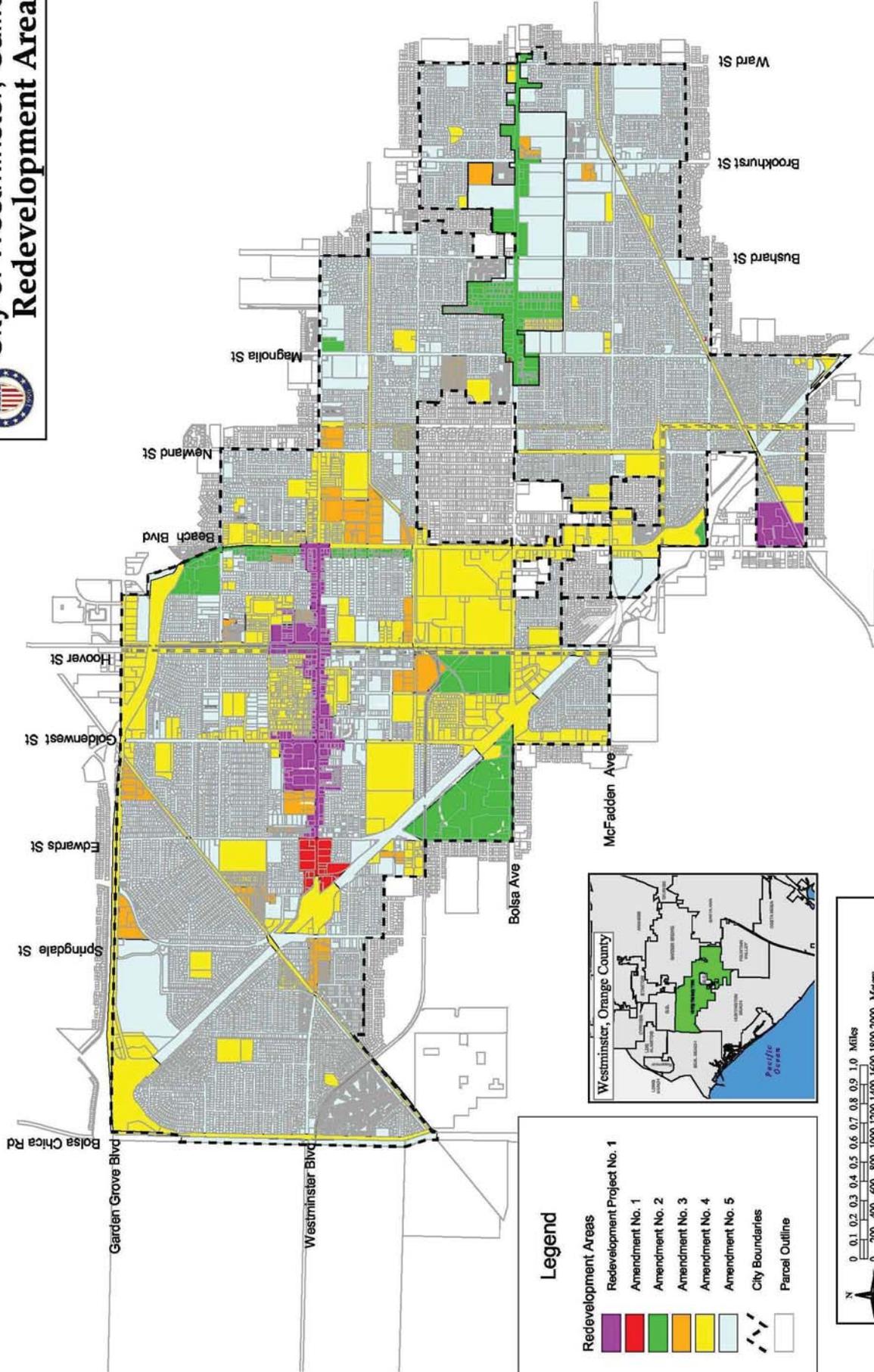
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City of Westminster, California





City of Westminster, California Redevelopment Areas



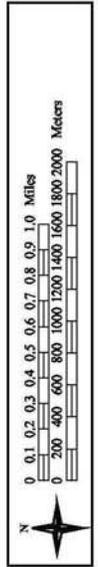
Legend

Redevelopment Areas

- Redevelopment Project No. 1 (Purple)
- Amendment No. 1 (Red)
- Amendment No. 2 (Green)
- Amendment No. 3 (Orange)
- Amendment No. 4 (Yellow)
- Amendment No. 5 (Light Blue)

City Boundaries

- City Boundaries (Dashed line)
- Parcel Outline (Thin solid line)



WESTMINSTER REDEVELOPMENT AGENCY
WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1

\$24,305,000	\$10,400,000	\$5,560,000
2011 Tax Allocation Bonds Series A Subordinate Lien (Tax-Exempt)	2011 Tax Allocation Bonds Series B Subordinate Lien (Tax-Exempt)	2011 Tax Allocation Bonds Series B-T Subordinate Lien (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.

\$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.

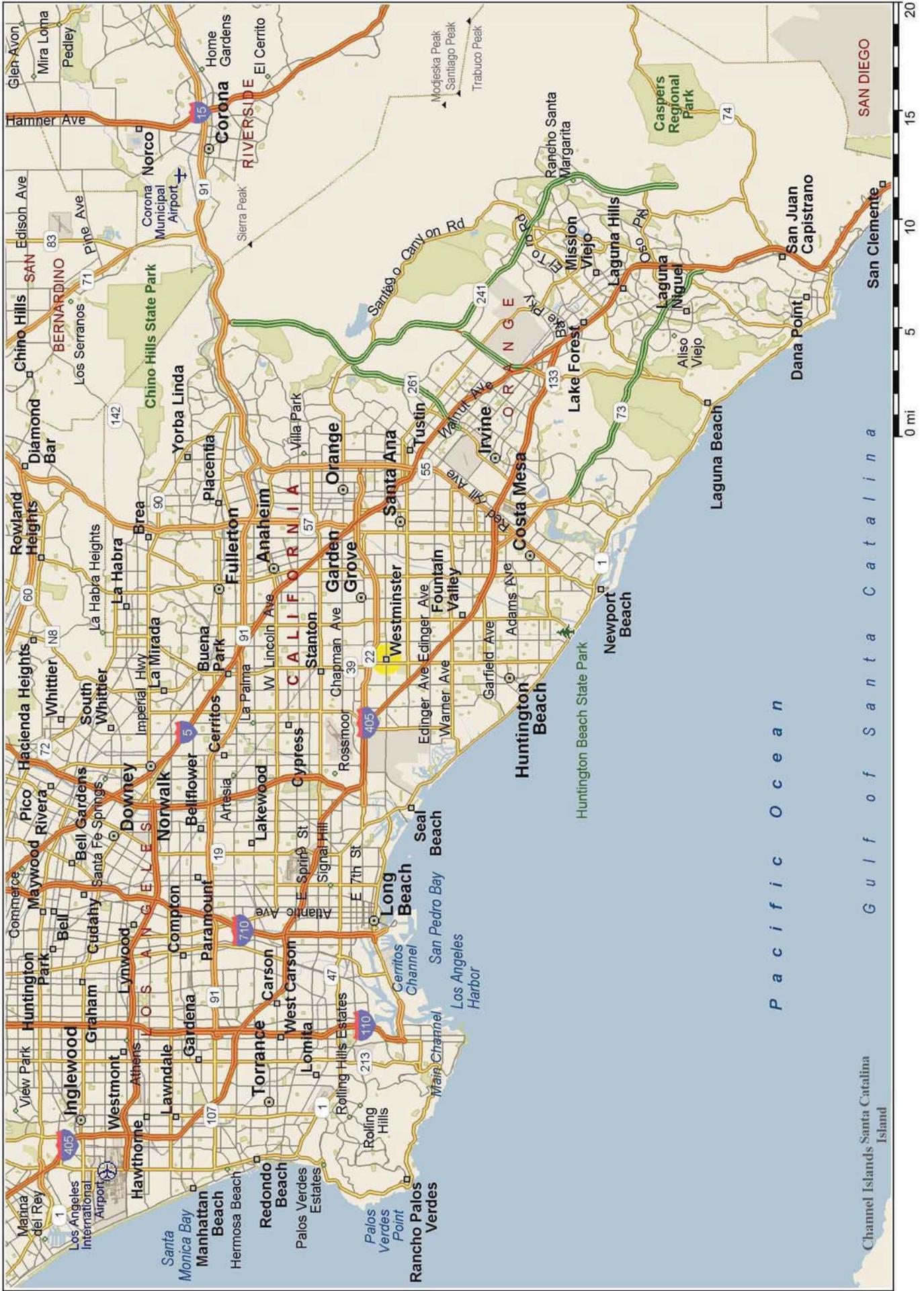
Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this 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.”

TABLE OF CONTENTS

INTRODUCTION.....	1	Reduction in Inflationary Rate and Changes in Legislation.....	50
General.....	1	Change in Law.....	50
Purpose.....	1	Bankruptcy of Landowners.....	50
Authority for Issuance of the Bonds.....	1	Concentration of Property Ownership.....	50
The City and the Successor Agency.....	2	Seismic Considerations and Natural Calamities.....	51
The Project Area.....	2	Levy and Collection of Taxes.....	51
Terms of the Bonds.....	3	Estimated Revenues.....	51
Security for the Bonds.....	3	Hazardous Substances.....	51
Municipal Bond Insurance.....	4	City General Fund Expenditures.....	52
Professionals Involved in the Offering.....	4	Direct and Overlapping Indebtedness.....	52
Continuing Disclosure.....	5	Future Legislation and Initiatives.....	52
Reference to Underlying Documents.....	5	Assessment Appeals.....	52
PLAN OF FINANCE.....	6	Economic Risks.....	52
ESTIMATED SOURCES AND USES OF FUNDS.....	7	Acceleration on Default.....	52
ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS.....	8	Investment Risk.....	53
THE BONDS.....	9	Bond Insurance Risk Factors.....	53
General.....	9	Secondary Market.....	54
Redemption of the Bonds.....	9	Bankruptcy.....	54
Notice of Redemption; Rescission.....	10	Federal Tax-Exempt Status of the Bonds.....	54
Partial Redemption of Bonds.....	11	IRS Audit of Tax-Exempt Issues.....	54
Effect of Redemption.....	11	LIMITATIONS ON TAX REVENUES.....	55
SECURITY FOR THE BONDS.....	12	Property Tax Limitations - Article XIII A.....	55
Special Obligations.....	12	Implementing Legislation.....	56
Tax Increment Financing Generally.....	12	Unitary Property.....	56
Pledge of Tax Revenues.....	13	Property Taxes; Teeter Plan.....	57
Low and Moderate Income Housing Set-Aside.....	14	Proposition 87.....	57
Assembly Bill 1290.....	14	Tax Collection Fees.....	57
Redevelopment Property Tax Trust Fund.....	15	Future Initiatives.....	57
Allocation of Taxes Subsequent to the Dissolution Act.....	15	CONTINUING DISCLOSURE.....	58
Recognized Obligation Payment Schedule.....	15	OTHER INFORMATION.....	59
Funds and Accounts Established Under Indenture.....	18	Litigation.....	59
Municipal Bond Debt Service Reserve Insurance Policy.....	21	Tax Matters.....	59
Additional Bonds.....	21	Verification of Mathematical Computations.....	60
BOND INSURANCE.....	23	Legal Opinion.....	60
Bond Insurance Policy.....	23	Ratings.....	60
Build America Mutual Assurance Company.....	23	Municipal Advisor.....	61
SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY.....	25	Underwriting.....	61
The Agency.....	25	Miscellaneous.....	61
Oversight Board.....	25	APPENDIX A - Fiscal Consultant Report.....	A-1
Department of Finance Finding of Completion.....	26	APPENDIX B – General Information Regarding the City of Westminster and the County of Orange.....	B-1
State Controller Asset Transfer Review.....	26	APPENDIX C – City of Westminster Audited Financial Statements For Fiscal Year Ended June 30, 2015.....	C-1
THE WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1.....	27	APPENDIX D - Summary of Certain Provisions of the Indenture.....	D-1
Project Area.....	27	APPENDIX E - DTC and the Book-Entry System.....	E-1
Redevelopment Plan Limitations.....	28	APPENDIX F - Form of Opinion of Bond Counsel.....	F-1
Largest Taxpayers in the Project Area.....	28	APPENDIX G - Form of Continuing Disclosure Certificate.....	G-1
Pass-Through Agreements.....	29	APPENDIX H - State Department of Finance Determination Letter Approving the Bonds.....	H-1
Statutory Tax Sharing Payments.....	31	APPENDIX I – Specimen Municipal Bond Insurance Policy.....	I-1
Successor Agency Indebtedness.....	32		
Assessed Valuation.....	32		
Volatility Ratio.....	35		
Property Taxes and Inflation Rates.....	35		
Supplemental Assessment Revenues.....	36		
Proposition 8 Assessment Reductions And Restorations.....	36		
Assessed Valuation Appeals.....	37		
Top Ten Taxpayer Appeals.....	37		
Property Value by Land Use.....	40		
New Construction.....	40		
Property Taxes; Teeter Plan.....	40		
Financial Statements.....	41		
Residual Redevelopment Property Tax Trust Fund.....	41		
ESTIMATED REVENUES AND BOND RETIREMENT.....	43		
BOND OWNERS' RISKS.....	48		
Limited Special Obligations.....	48		
Recognized Obligation Payment Schedule.....	48		
Reduction in Taxable Value.....	49		
Risks of Real Estate Secured Investments Generally.....	50		

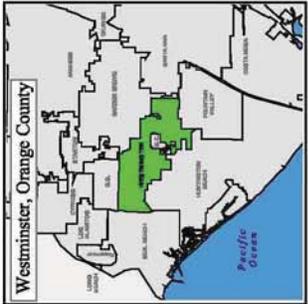
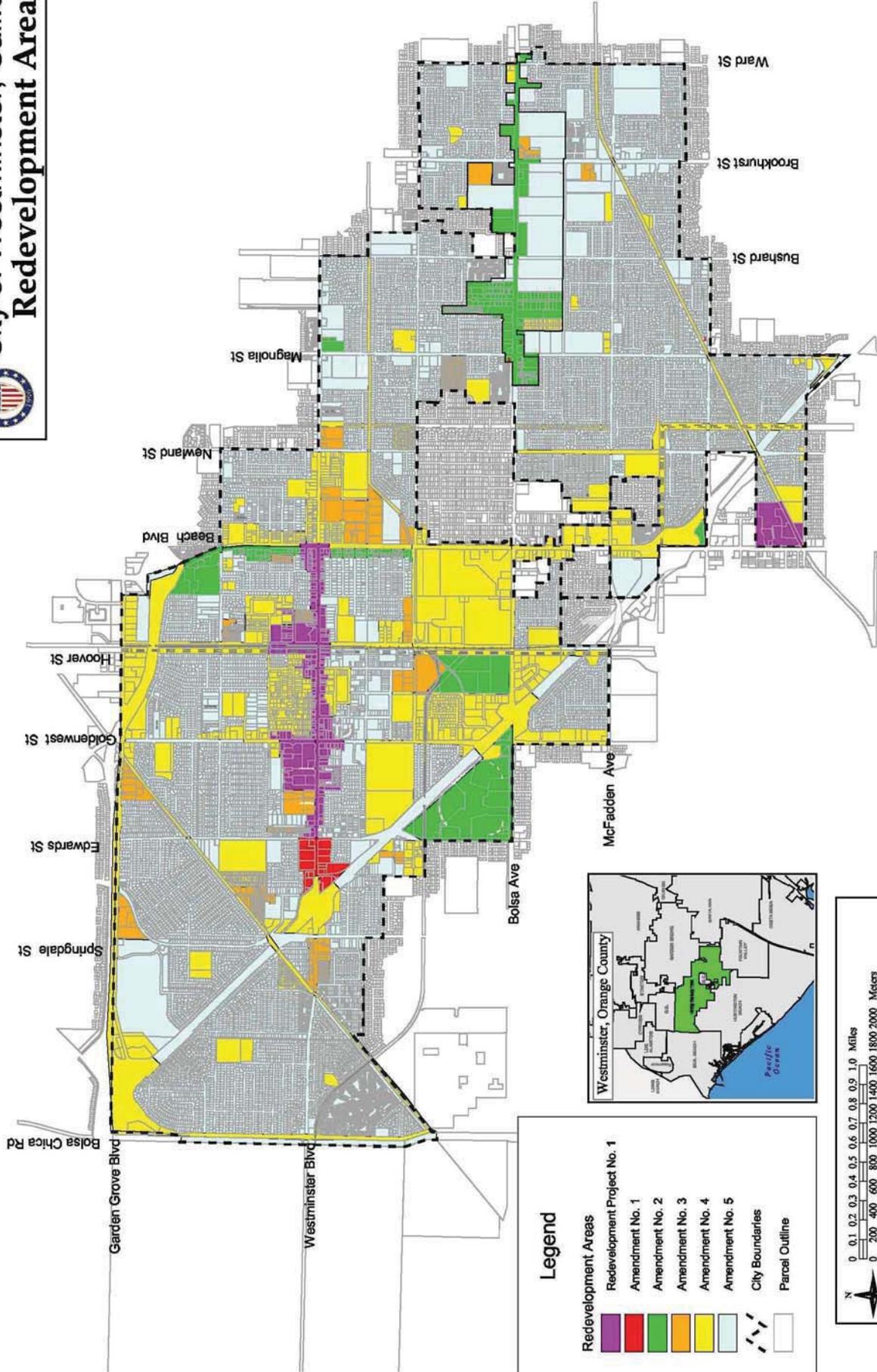
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City of Westminster, California





City of Westminster, California Redevelopment Areas



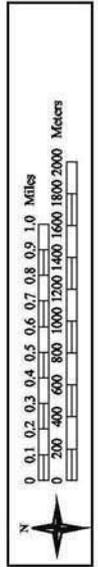
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Redevelopment Areas

- Redevelopment Project No. 1 (Purple)
- Amendment No. 1 (Red)
- Amendment No. 2 (Green)
- Amendment No. 3 (Orange)
- Amendment No. 4 (Yellow)
- Amendment No. 5 (Light Blue)

City Boundaries

- City Boundaries (Dashed line)
- Parcel Outline (Thin solid line)



\$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 MUFJ 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 MUFJ 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

\$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.

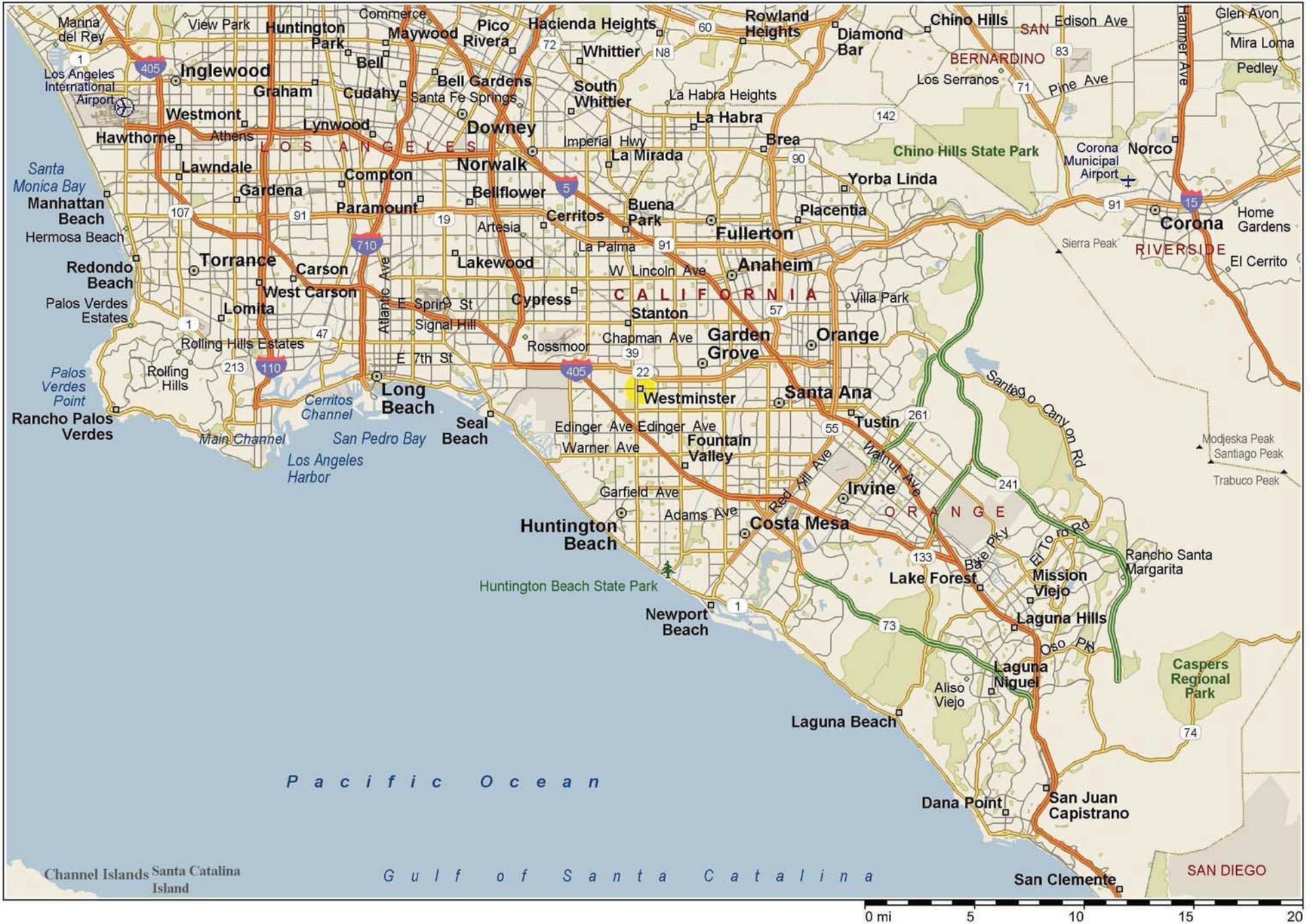
IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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.

TABLE OF CONTENTS

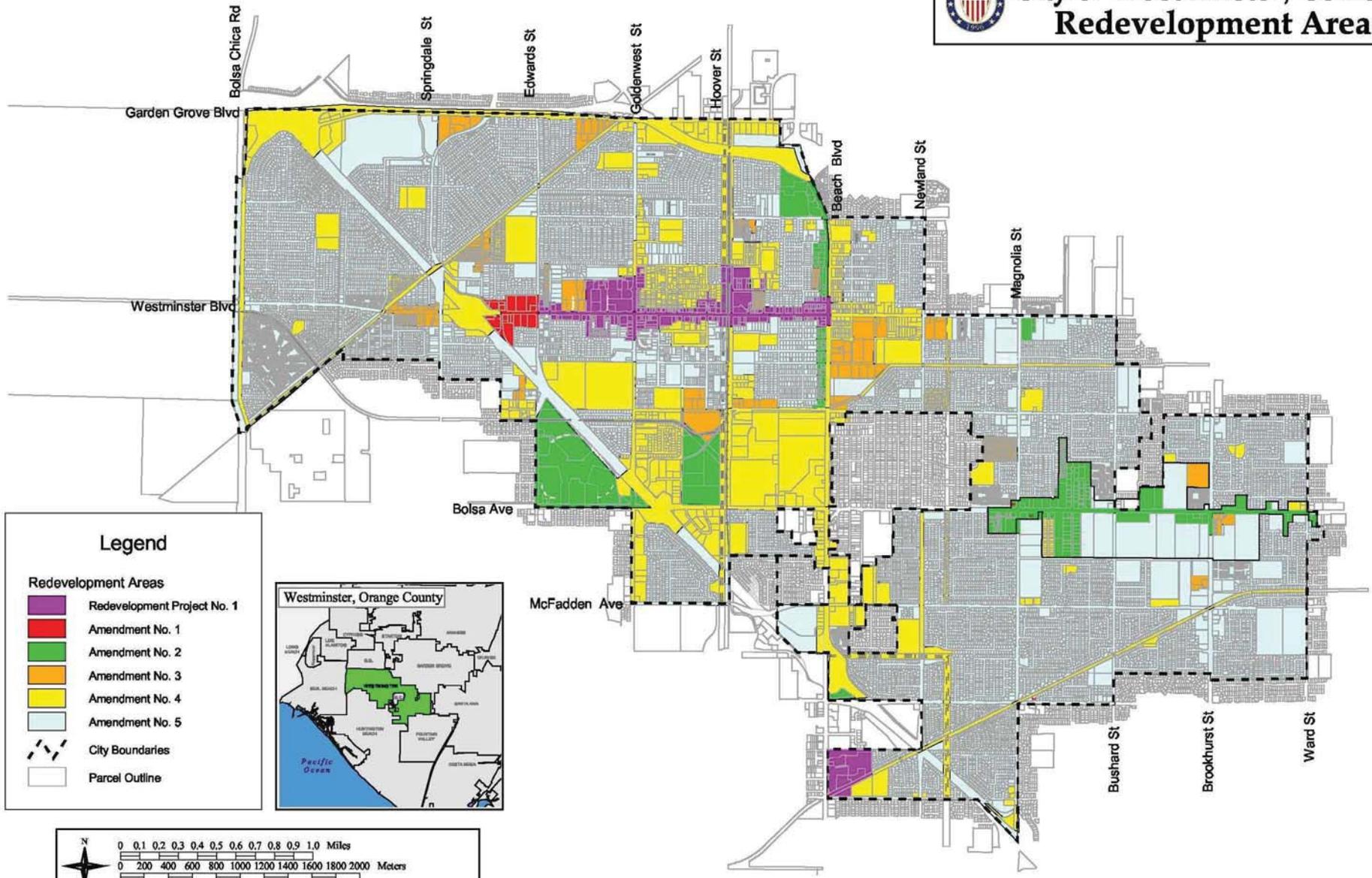
<p>INTRODUCTION1</p> <p style="padding-left: 20px;">General.....1</p> <p style="padding-left: 20px;">Purpose.....1</p> <p style="padding-left: 20px;">Authority for Issuance of the Bonds.....1</p> <p style="padding-left: 20px;">The City and the Successor Agency2</p> <p style="padding-left: 20px;">The Project Area2</p> <p style="padding-left: 20px;">Terms of the Bonds2</p> <p style="padding-left: 20px;">Security for the Bonds.....3</p> <p style="padding-left: 20px;">Debt Service Reserve Fund Insurance Policy4</p> <p style="padding-left: 20px;">Professionals Involved in the Offering4</p> <p style="padding-left: 20px;">Continuing Disclosure.....4</p> <p style="padding-left: 20px;">Reference to Underlying Documents4</p> <p>PLAN OF FINANCE.....5</p> <p>ESTIMATED SOURCES AND USES OF FUNDS5</p> <p>ANNUAL DEBT SERVICE REQUIREMENTS OF</p> <p style="padding-left: 20px;">THE BONDS.....6</p> <p>THE BONDS6</p> <p style="padding-left: 20px;">General.....6</p> <p style="padding-left: 20px;">Redemption of the Bonds.....6</p> <p>SECURITY FOR THE BONDS6</p> <p style="padding-left: 20px;">Special Obligations6</p> <p style="padding-left: 20px;">Tax Increment Financing Generally7</p> <p style="padding-left: 20px;">Pledge of Tax Revenues.....7</p> <p style="padding-left: 20px;">Low and Moderate Income Housing Set-Aside.....9</p> <p style="padding-left: 20px;">Assembly Bill 1290.....9</p> <p style="padding-left: 20px;">Redevelopment Property Tax Trust Fund9</p> <p style="padding-left: 20px;">Allocation of Taxes Subsequent to the Dissolution</p> <p style="padding-left: 40px;">Act.....10</p> <p style="padding-left: 20px;">Recognized Obligation Payment Schedule.....10</p> <p style="padding-left: 20px;">Funds and Accounts Established Under Indenture12</p> <p style="padding-left: 20px;">Debt Service Reserve Fund Insurance Policy.....14</p> <p style="padding-left: 20px;">No Additional Bonds.....15</p> <p>MUNICIPAL BOND DEBT SERVICE RESERVE</p> <p style="padding-left: 20px;">INSURANCE POLICY15</p> <p style="padding-left: 40px;">Build America Mutual Assurance Company15</p> <p>SUCCESSOR AGENCY TO THE WESTMINSTER</p> <p style="padding-left: 20px;">REDEVELOPMENT AGENCY16</p> <p style="padding-left: 40px;">The Agency.....16</p> <p style="padding-left: 40px;">Oversight Board.....17</p> <p style="padding-left: 40px;">Department of Finance Finding of Completion.....17</p> <p style="padding-left: 40px;">State Controller Asset Transfer Review17</p> <p>THE WESTMINSTER COMMERCIAL</p> <p style="padding-left: 20px;">REDEVELOPMENT PROJECT NO. 118</p> <p style="padding-left: 40px;">Project Area18</p> <p style="padding-left: 40px;">Redevelopment Plan Limitations19</p> <p style="padding-left: 40px;">Pass-Through Agreements19</p> <p style="padding-left: 40px;">Statutory Tax Sharing Payments21</p> <p style="padding-left: 40px;">Successor Agency Indebtedness.....22</p> <p style="padding-left: 40px;">Assessed Valuation22</p> <p style="padding-left: 40px;">Largest Taxpayers in the Project Area24</p> <p style="padding-left: 40px;">Volatility Ratio.....25</p> <p style="padding-left: 40px;">Property Taxes and Inflation Rates25</p> <p style="padding-left: 40px;">Supplemental Assessment Revenues.....26</p> <p style="padding-left: 40px;">Proposition 8 Assessment Reductions And</p> <p style="padding-left: 80px;">Restorations.....26</p> <p style="padding-left: 40px;">Assessed Valuation Appeals27</p> <p style="padding-left: 40px;">Taxpayer Appeals27</p> <p style="padding-left: 40px;">Property Value by Land Use30</p> <p style="padding-left: 40px;">New Construction30</p> <p style="padding-left: 40px;">Property Taxes; Teeter Plan30</p> <p style="padding-left: 40px;">Financial Statements31</p> <p style="padding-left: 40px;">Residual Redevelopment Property Tax Trust Fund.....31</p> <p>ESTIMATED REVENUES AND BOND</p> <p style="padding-left: 20px;">RETIREMENT.....33</p> <p>BOND OWNERS' RISKS.....36</p>	<p>Limited Special Obligations36</p> <p>Recognized Obligation Payment Schedule36</p> <p>Reduction in Taxable Value.....37</p> <p>Risks of Real Estate Secured Investments Generally38</p> <p>Reduction in Inflationary Rate and Changes in</p> <p style="padding-left: 20px;">Legislation38</p> <p style="padding-left: 20px;">Change in Law.....38</p> <p>Bankruptcy of Landowners.....38</p> <p>Concentration of Property Ownership.....38</p> <p>Seismic Considerations and Natural Calamities.....39</p> <p>Levy and Collection of Taxes39</p> <p>Estimated Revenues.....39</p> <p>Hazardous Substances.....39</p> <p>Direct and Overlapping Indebtedness40</p> <p>Future Legislation and Initiatives40</p> <p>Assessment Appeals40</p> <p>Economic Risks40</p> <p>Acceleration on Default40</p> <p>Investment Risk40</p> <p>Secondary Market.....41</p> <p>Bankruptcy41</p> <p>Federal Tax-Exempt Status of the Bonds.....41</p> <p>IRS Audit of Tax-Exempt Issues41</p> <p>LIMITATIONS ON TAX REVENUES.....41</p> <p style="padding-left: 20px;">Property Tax Limitations - Article XIII A41</p> <p style="padding-left: 20px;">Implementing Legislation43</p> <p style="padding-left: 20px;">Unitary Property43</p> <p style="padding-left: 20px;">Property Taxes; Teeter Plan44</p> <p style="padding-left: 20px;">Proposition 87.....44</p> <p style="padding-left: 20px;">Tax Collection Fees44</p> <p style="padding-left: 20px;">Future Initiatives44</p> <p>CONTINUING DISCLOSURE.....44</p> <p>OTHER INFORMATION45</p> <p style="padding-left: 20px;">Litigation45</p> <p style="padding-left: 20px;">Tax Matters.....45</p> <p style="padding-left: 20px;">Verification of Mathematical Computations46</p> <p style="padding-left: 20px;">Legal Opinion.....46</p> <p style="padding-left: 20px;">Ratings.....47</p> <p style="padding-left: 20px;">Municipal Advisor47</p> <p style="padding-left: 20px;">Underwriting.....47</p> <p style="padding-left: 20px;">Miscellaneous47</p> <p>APPENDIX A - Fiscal Consultant Report.....A-1</p> <p>APPENDIX B - General Information Regarding the City of Westminster and the County of Orange ..B-1</p> <p>APPENDIX C - City of Westminster Audited Financial Statements For Fiscal Year Ended June 30, 2017C-1</p> <p>APPENDIX D - Summary of Certain Provisions of the IndentureD-1</p> <p>APPENDIX E - DTC and the Book-Entry SystemE-1</p> <p>APPENDIX F - Form of Opinion of Bond CounselF-1</p> <p>APPENDIX G - Form of Continuing Disclosure CertificateG-1</p> <p>APPENDIX H - State Department of Finance Determination Letter Approving the BondsH-1</p> <p>APPENDIX I - Specimen Reserve Fund Insurance Policy.....I-1</p>
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City of Westminster, California





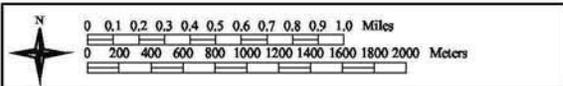
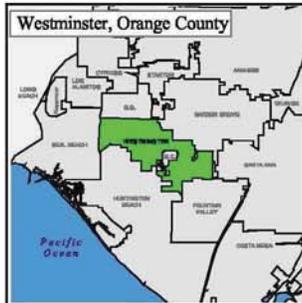
City of Westminster, California Redevelopment Areas



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



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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 MUFJ 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) 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: AK

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.

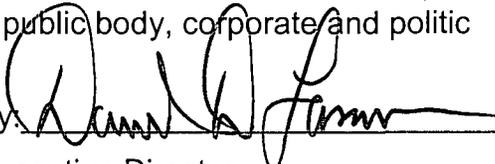
J. (§512) Execution.

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.

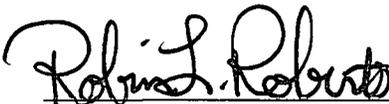
[Signatures to Follow on Next Page]

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\gl\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

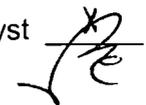
(IF REQUIRED, INSURANCE CERTIFICATES MUST BE ATTACHED TO CITY CLERK ORIGINAL)

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: _____

TABLE OF CONTENTS

Page

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 304)~~ 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: _____

TABLE OF CONTENTS

Page

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).

Comment [a1]: Commencement Date is not defined

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 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 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.

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 (3015) 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 ~~Commencement~~Effective Date until the Termination 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, 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: _____

TABLE OF CONTENTS

Page



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,

AGENDA ITEM NO. 3.4

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