

Orange Countywide Oversight Board

Agenda Item No. 4a

Date: 7/21/2020

From: Successor Agency to the Fullerton Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving The Issuance and Sale of Tax Allocation Refunding Bonds by The Successor Agency to the Fullerton Redevelopment Agency and Authorizing Certain Other Actions in Connection Therewith

Recommended Action:

Approve resolution to authorize the issuance and sale of tax allocation refunding bonds (the 2020 Bonds) by the Successor Agency to the Fullerton Redevelopment Agency (the Successor Agency) and to authorize other actions in connection therewith

The Fullerton Successor Agency requests approval of Resolution to approve the issuance and sale of the 2020 Bonds by the Successor Agency for the purpose of refunding the former Fullerton Redevelopment Agency's outstanding 2005 Loans and 2010 Housing TABs (defined herein). It is estimated that the issuance of the 2020 Bonds for the purpose of refunding the 2005 Loans and the 2010 Housing TABs will result in total combined savings of approximately \$10.4 million through 2027, and an average annual reduction in debt service payments of approximately \$1.5 million, as described below and in the Municipal Advisor's Savings Memorandum, Attachment E.

On February 1, 2012, every redevelopment agency in the State of California was dissolved and a successor agency was created for each redevelopment agency. On June 27, 2012, the State passed Assembly Bill 1484 (AB 1484), which included provisions permitting successor agencies to refund outstanding bonds or other obligations of a former redevelopment agency to achieve savings, with further amendments to the dissolution law occurring with passage of Senate Bill No. 107 on September 22, 2015. A large number of successor agencies have since refunded their existing redevelopment bonds to provide savings and thus increase the distribution of residual tax increment revenues to taxing entities.

Health and Safety Code Section 34177.5(a)(1) authorizes successor agencies to refinance outstanding debt obligations to produce debt service savings. A successor agency is generally not permitted to issue bonds that would increase the overall indebtedness of the successor agency or provide additional proceeds to be expended, but it can issue bonds to refund prior debt obligations and effectuate debt service savings.

In such circumstances, the successor agency's debt service payments will be reduced, and the taxing entities will receive additional revenues as residual Redevelopment Property Tax Trust Fund moneys. Successor Agency staff has identified such an opportunity which is presented in this agenda report.

In 2005, the Fullerton Public Financing Authority (FPFA) issued \$74,600,000 in Tax Allocation Revenue Bonds for the purpose of making three loans (the 2005 Loans) to the former Fullerton Redevelopment Agency in order to finance certain improvements in its various redevelopment

project areas. The 2005 Loans are currently outstanding in the combined amount of \$43,040,000 and can be refunded at par on any interest payment date on or after September 1, 2015.

In 2010, the former Fullerton Redevelopment Agency issued \$28,980,000 in Taxable Tax Allocation Housing Bonds, 2010 Housing TABs, for the purpose of financing certain improvements to the supply of low and moderate income housing in the City. The 2010 Housing TABs are currently outstanding in the amount of \$15,390,000 and can be refunded at par on any date on or after September 1, 2020.

In 2015, the Successor Agency issued \$11,975,000 in Tax Allocation Refunding Bonds, the 2015 TARBs, for the purpose of refunding prior bonds and loans issued by the City of Fullerton Public Financing Authority in 1998. The 2015 TARBs are currently outstanding in the amount of \$6,385,000.

The Successor Agency intends to issue the 2020 Bonds in an aggregate principal amount sufficient to refund the 2005 Loans as well as the 2010 Housing TABs. The 2020 Bonds will be secured by Pledged Tax Revenues and issued on a parity with the Successor Agency’s existing 2015 TARBs under a supplemental indenture to the 2015 TARB Indenture of Trust.

As shown in the Municipal Advisor’s Savings Memorandum, Attachment E, based on market conditions as of June 3, 2020, it is anticipated that a refunding of the 2005 Loans will produce net present value savings of approximately \$5.1 million, and a refunding of the 2010 Housing TABs will produce net present value savings of approximately \$1.8 million. Total combined net present value savings are estimated to be approximately \$6.9 million. Net present value savings represent the present value of savings in “today’s dollars” and are net of the 2010 Housing TABs prior reserve, which is expected to be contributed as a source of funds for the 2020 Bonds transaction. The total debt service savings represent the total reduction in debt service over the life of the indebtedness. The final savings levels will depend upon market conditions at the time of sale. The estimates assume the 2020 Bonds will close by September 1, 2020. Closing the 2020 Bonds after this date will affect the amount of savings that can be achieved.

Summary of Savings Results for the 2020 Bonds*

	<u>2005 Loans</u>	<u>2010 Housing TABs</u>	<u>Total</u>
Total Debt Service Savings	\$5,411,552	\$4,973,464	\$10,385,016
Net Present Value Savings (\$)	\$5,078,384	\$1,840,535	\$6,918,919
Net Present Value Savings (% of Par Value Refunded)	11.80%	11.96%	11.84%

*Savings would be distributed among various taxing entities, including the City of Fullerton, which is estimated to receive approximately 15.78% of savings. Estimated savings are based on current market rates assuming prepayment on September 1; subject to change.

On July 7, 2020 the Successor Agency Board approved the proposed financing. If the Orange Countywide Oversight Board (CWOB) approves the proposed 2020 Bonds, then the CWOB’s action, including the CWOB Resolution and the other materials submitted by the Successor Agency herewith, will be subject to approval by the Department of Finance (DOF). Pursuant to Health and Safety Code Section 34177.5(f), DOF has up to 65 days to review the CWOB’s action.

AB 1484 permits successor agencies to refund outstanding bonds and other obligations of a former

redevelopment agency, subject to the approval of the successor agency, oversight board and the DOF. Because the impact of the refunding would be to reduce the interest costs associated with the 2005 Loans and the 2010 Housing TABs, it is anticipated that the DOF will not object to the action. Successor agencies throughout the state have successfully refunded outstanding debt.

Impact on Taxing Entities

Below is a summary of the potential savings each taxing entity would receive through their allocated redevelopment property tax trust fund (RPTTF) distribution, based on total debt service savings of \$10.4 million and total net present value savings of \$6.9 million, which are estimated to be achieved if the 2020 Bonds are closed by September 1, 2020.

RPTTF Distribution to ATEs	% of Distribution	Annual Savings			Total Savings			Present Value Savings		
		2005 TABs	2010 Housing TABs	Total	2005 TABs	2010 Housing TABs	Total	2005 TABs	2010 Housing TABs	Total
City of Fullerton	15.78%	\$122,021	\$130,834	\$234,165	\$854,149	\$785,002	\$1,639,152	\$801,563	\$290,507	\$1,092,069
County	6.12%	\$47,338	\$50,757	\$90,844	\$331,365	\$304,540	\$635,905	\$310,964	\$112,701	\$423,666
Special Districts	7.67%	\$59,320	\$63,605	\$113,839	\$415,243	\$381,627	\$796,870	\$389,678	\$141,229	\$530,907
K-12 Schools	46.52%	\$359,656	\$385,631	\$690,197	\$2,517,595	\$2,313,785	\$4,831,381	\$2,362,597	\$856,265	\$3,218,862
Community Colleges	6.93%	\$53,600	\$57,471	\$102,860	\$375,199	\$344,825	\$720,023	\$352,099	\$127,610	\$479,709
County Office of Education	1.45%	\$11,175	\$11,982	\$21,446	\$78,227	\$71,894	\$150,121	\$73,411	\$26,606	\$100,016
Total ERAF	15.52%	\$119,968	\$128,632	\$230,223	\$839,774	\$771,791	\$1,611,564	\$788,072	\$285,617	\$1,073,690
Total	100%	\$773,079	\$828,911	\$1,483,574	\$5,411,552	\$4,973,464	\$10,385,016	\$5,078,384	\$1,840,535	\$6,918,919

Should the 2020 Bonds close after September 1, 2020, the 2005 Loans will be refunded on the next optional redemption date of March 1, 2021, and savings are estimated to be reduced. Provided below is a summary of the potential savings each taxing entity would receive based on a total estimated debt service savings amount of \$9.4 million and total estimated net present value savings of \$6.0 million.

RPTTF Distribution to ATEs	% of Distribution	Annual Savings			Total Savings			Present Value Savings		
		2005 TABs	2010 Housing TABs	Total	2005 TABs	2010 Housing TABs	Total	2005 TABs	2010 Housing TABs	Total
City of Fullerton	15.78%	\$102,398	\$126,793	\$211,077	\$716,783	\$760,756	\$1,477,540	\$675,088	\$269,101	\$944,189
County	6.12%	\$39,725	\$49,189	\$81,887	\$278,074	\$295,133	\$573,208	\$261,899	\$104,397	\$366,296
Special Districts	7.67%	\$49,780	\$61,640	\$102,615	\$348,463	\$369,840	\$718,303	\$328,193	\$130,823	\$459,016
K-12 Schools	46.52%	\$301,816	\$373,720	\$622,147	\$2,112,711	\$2,242,320	\$4,355,031	\$1,989,813	\$793,174	\$2,782,987
Community Colleges	6.93%	\$44,980	\$55,696	\$92,719	\$314,859	\$334,174	\$649,033	\$296,543	\$118,207	\$414,750
County Office of Education	1.45%	\$9,378	\$11,612	\$19,331	\$65,646	\$69,673	\$135,320	\$61,827	\$24,645	\$86,473
Total ERAF	15.52%	\$100,674	\$124,659	\$207,525	\$704,720	\$747,952	\$1,452,672	\$663,726	\$264,572	\$928,298
Total	100%	\$648,751	\$803,308	\$1,337,301	\$4,541,256	\$4,819,850	\$9,361,106	\$4,277,088	\$1,704,920	\$5,982,008

Staff Contact(s)

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Attachments

- Attachment A – CWOB Resolution
- Attachment B – Successor Agency Resolution
- Attachment C – First Supplemental Indenture of Trust
- Attachment D – Indenture of Trust for 2015 Tax Allocation Refunding Bonds
- Attachment E – Savings Memorandum
- Attachment F – Escrow Agreement
- Attachment G – Preliminary Official Statement
- Attachment H – Continuing Disclosure Agreement
- Attachment I – Bond Purchase Agreement

RESOLUTION NO. _____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD APPROVING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS BY THE SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Fullerton Redevelopment Agency (Former Agency) was a public body, corporate and politic, that was 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 of the Health and Safety Code of the State of California), and the powers of the Former 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 “Merged Fullerton Redevelopment Project,” which merged five previously existing redevelopment project areas, was adopted and approved by Ordinance No. 3082 of the City of Fullerton on December 19, 2006, 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 Former Agency previously caused the City of Fullerton Public Financing Authority (Authority) to issue its 2005 Tax Allocation Revenue Bonds (2005 Bonds) in the original aggregate principal amount of \$74,600,000, and to loan the proceeds thereof to the Former Agency pursuant to three loan agreements between the Authority and the Former Agency (2005 Loan Agreements); and

WHEREAS, the Former Agency previously issued its 2010 Taxable Tax Allocation Housing Bonds (2010 Bonds) in the original aggregate principal amount of \$28,980,000; and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (Dissolution Act) and ABx1 27 (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 dissolution of the Former Agency as of February 1, 2012; and

WHEREAS, the Former Agency, including its redevelopment powers, assets and obligations, was transferred on February 1, 2012 to the Successor Agency to the Fullerton Redevelopment Agency (Successor Agency); and

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

WHEREAS, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency to refund the bonds or other indebtedness of the Former Agency in order 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 or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded; and (B) the principal amount of the refunding bonds shall not exceed the amount required to defease the bonds or other indebtedness to be refunded, to establish customary debt service reserves and to pay related costs of issuance; and

WHEREAS, the Successor Agency previously issued its Merged Fullerton Redevelopment Project Area 2015 Tax Allocation Refunding Bonds (2015 Bonds) to refund prior debt obligations of the Former Agency, pursuant to an Indenture of Trust, dated as of February 1, 2015 (2015 Indenture), by and between the Successor Agency and U.S. Bank National Association, as trustee; and

WHEREAS, the Successor Agency has been advised by its municipal advisor, Urban Futures, Inc. (UFI), that, given current market conditions, the Successor Agency is likely to achieve debt service savings through the issuance of tax allocation refunding bonds (2020 Bonds), which shall be publicly sold or privately placed as determined by the Authorized Officers (as such term is defined in Section 1), in order to prepay all or portions of the 2005 Loan Agreements, and to refund the 2010 Bonds; and

WHEREAS, for the corporate purposes of the Successor Agency, the Successor Agency desires to issue at this time the 2020 Bonds in an aggregate principal amount that is sufficient to prepay all or portions of the 2005 Loan Agreements, and to refund all or a portion of the 2010 Bonds, and to irrevocably set aside a portion of the proceeds of such 2020 Bonds in a separate segregated trust fund which will be used to prepay the 2005 Loan Agreements, and refund the 2010 Bonds being refunded, to pay costs in connection with the issuance of the 2020 Bonds and to make certain other deposits as required by the First Supplemental Indenture (as defined below); and

WHEREAS, the 2020 Bonds shall be issued pursuant to a First Supplemental Indenture of Trust (First Supplemental Indenture), by and between the Successor Agency and U.S. Bank National Association, as trustee, which shall amend and supplement the 2015 Indenture (such First Supplemental Indenture, together with the 2015 Indenture, the Indenture); and

WHEREAS, the 2020 Bonds shall be secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a) and (g), pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code; and

WHEREAS, Section 34179(j) of the Health and Safety Code provides for the appointment of a countywide oversight board (Oversight Board) with specific duties to approve certain Successor Agency actions pursuant to Section 34180 of the Health and Safety Code and to direct the Successor Agency in certain other actions pursuant to Section 34181 of the Health and Safety Code.

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD, AS FOLLOWS:

Section 1. Each of the foregoing recitals is true and correct.

Section 2. The issuance by the Successor Agency to the Fullerton Redevelopment Agency of the 2020 Bonds, in one or more series on a taxable or tax-exempt basis, in an aggregate principal amount sufficient to prepay all or portions of the 2005 Loan Agreements, and to refund all or a portion of the 2010 Bonds, for the purpose of achieving debt service savings in accordance with Health & Safety Code Section 34177.5(a)(1) and the pledge of property tax revenues to the 2020 Bonds pursuant to the First Supplemental Indenture approved by Section 2 of the Resolution of the Successor Agency adopted on July 7, 2020 (Successor Agency Resolution) approving the issuance of the 2020 Bonds (as authorized by California Health and Safety Code Section 34177.5(a) and (g)) is hereby approved. The 2020 Bonds may be issued as a single issue or from time to time in separate series, on a taxable or tax-exempt basis, as the Successor Agency shall determine. The approval of the issuance of the 2020 Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of 2020 Bonds and the sale of the 2020 Bonds at a public or private sale.

Section 3. The Successor Agency is authorized and directed to prepare, approve and execute the documents approved pursuant to the Successor Agency Resolution and such other documents, certificates and instruments as may be necessary or proper for carrying out the transactions contemplated by this Resolution, the Successor Agency Resolution and the First Supplemental Indenture, including, as necessary, to negotiate and enter into agreements relating to bond insurance and/or a reserve surety bond for the 2020 Bonds, the preparation of a notice of sale in connection with a competitive public sale of the 2020 Bonds, an official statement in connection with a public sale, a term sheet, rate lock agreement, placement agent agreement, and/or private placement memorandum in connection with a private sale, escrow or redemption instructions for the 2005 Loan Agreements and the 2010 Bonds, requests for subordination of pass-through payments to any affected taxing entity and related subordination agreements, and any additional agreements as may be required to carry out the purposes hereof without the need for any further approval from the Oversight Board.

Section 4. The Chair of the Oversight Board and the other officers and members of staff having responsibility for the affairs of the Oversight Board are hereby authorized and directed to execute such documents and certificates as they determine are necessary or appropriate to assist the Successor Agency in the issuance of the 2020 Bonds.

Section 5. Pursuant to the provisions of California Health and Safety Code Section 34177.5(f), the Successor Agency is expressly authorized to recover its related costs in connection with the transaction approved hereby, irrespective of whether the 2020 Bonds are issued.

Section 6. This Resolution shall take effect in accordance with Section 34177.5(f) and 34179(h) of the Health and Safety Code.

FIRST SUPPLEMENTAL INDENTURE OF TRUST

Dated as of _____ 1, 2020

by and between the

SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY

and

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

Relating to

\$ _____
**Successor Agency to the Fullerton Redevelopment Agency
Merged Fullerton Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2020A**

and

\$ _____
**Successor Agency to the Fullerton Redevelopment Agency
Merged Fullerton Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable)**

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FIRST SUPPLEMENTAL INDENTURE OF TRUST

THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST (this “First Supplement”) is made and entered into and dated as of _____ 1, 2020, by and between the SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY, a public body, corporate and politic (the “Successor Agency”), as successor agency to the Fullerton Redevelopment Agency (the “Former Agency”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee under the hereinafter defined 2015 Indenture (the “Trustee”).

WITNESSETH:

WHEREAS, this First Supplement is supplemental to the Indenture of Trust, dated as of February 1, 2015 (the “2015 Indenture” and, together with this First Supplement and as it may be further supplemented and amended, the “Indenture”), between the Successor Agency and the Trustee, pursuant to which the Successor Agency issued its 2015 Bonds, as defined herein;

WHEREAS, from its formation in 1980 until its elimination on February 1, 2012, the Former Agency administered the implementation of various redevelopment projects, programs, and activities within designated areas throughout the City of Fullerton (the “City”);

WHEREAS, the Former 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 California Health and Safety Code (as amended, the “Redevelopment Law”) and the powers of the Former Agency included the power to issue bonds and incur debt for any of its corporate purposes;

WHEREAS, the City Council of the City, acting as the Former Agency’s governing board, duly adopted and from time to time amended the redevelopment plan (the “Redevelopment Plan”) for the 2006 Fullerton Redevelopment Project Area Merger and Amendment (the “Merged Project Area”), in compliance with all requirements of the Redevelopment Law;

WHEREAS, in order to finance and refinance redevelopment activities within or of benefit to the Merged Project Area, the Former Agency issued and incurred obligations from time to time, which are identified in Exhibit A attached hereto and incorporated herein (collectively, the “Refunded Obligations”);

WHEREAS, on June 28, 2011, the California Legislature enacted California Assembly Bill X1 26 (“AB X1 26”), which amended provisions of the Redevelopment Law and enacted Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code;

WHEREAS, the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos* (the “Matosantos Decision”) upheld AB X1 26, resulting in the dissolution of the Former Agency on February 1, 2012;

WHEREAS, pursuant to AB X1 26 and the Matosantos Decision, the Successor Agency assumed certain powers, assets, duties and obligations of the Former Agency, including, without

limitation, the obligations of the Former Agency under the Refunded Obligations and the related documents to which the Former Agency was a party;

WHEREAS, on or about June 27, 2012, Assembly Bill 1484 (“AB 1484”) was adopted as a trailer bill in connection with the fiscal year 2012-13 California Budget;

WHEREAS, AB X1 26, as amended by AB 1484, and as subsequently amended, is referred to as the “Dissolution Act”;

WHEREAS, Section 34177.5(a)(1) of the California Health and Safety Code authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Former Agency, subject to the conditions precedent contained in said Section 34177.5;

WHEREAS, said Section 34177.5 also authorizes the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Bond Law”) for the purpose of achieving debt service savings within the parameters set forth in said Section 34177.5;

WHEREAS, the 2015 Bonds were issued pursuant to and in accordance with the provisions of Section 34177.5(a)(1) of the California Health and Safety Code and the Redevelopment Law;

WHEREAS, Section 5.09 of the 2015 Indenture permits the issuance of additional indebtedness payable from Tax Revenues (as defined in the 2015 Indenture) on a parity with the 2015 Bonds, subject to certain terms and conditions;

WHEREAS, in order to provide moneys to refund the Refunded Obligations for the purpose of providing debt service savings in accordance with Health and Safety Code Section 34177.5(a)(1), the Successor Agency has determined to issue its Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A (the “2020A Bonds”) and its Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable) (the “2020B Bonds” and, together with the 2020A Bonds, the “2020 Bonds”);

WHEREAS, the 2020 Bonds will be issued and secured pursuant to and in accordance with the provisions of Section 34177.5(a)(1) and Section 34177.5(g) of the California Health and Safety Code, the Redevelopment Law and the Refunding Bond Law on a parity with the 2015 Bonds pursuant to Section 5.09 of the 2015 Indenture;

WHEREAS, in order to provide for the authentication and delivery of the 2020 Bonds, to establish and declare the terms and conditions upon which the 2020 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 First Supplement as a Supplemental Indenture pursuant to Section 7.01(b)(iv) of the 2015 Indenture;

[**WHEREAS**, the Successor Agency has received the consent of Build America Mutual Assurance Company, as Bond Insurer of the 2015 Bonds, to the execution and delivery of this First Supplement and issuance of the 2020 Bonds on a parity with the 2015 Bonds;]

WHEREAS, the Successor Agency has determined that all acts and proceedings required by law necessary to make the 2020 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 First Supplement a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken; and

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 2020 Bonds issued and Outstanding under this First Supplement, 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 2020 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 2020 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 2020 Bonds, as follows:

ARTICLE X

ADDITIONAL DEFINITIONS RELATING TO THE 2020 BONDS

Section 10.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 10.01 shall, for all purposes of this First Supplement, have the respective meanings specified in this Section 10.01. All terms defined in Appendix A to the 2015 Indenture and not otherwise defined in this Section 10.01 shall, when used in this First Supplement, have the respective meanings given to such terms in Appendix A to the 2015 Indenture.

“Annual Debt Service” means, with respect to the 2020 Bonds and for each Bond Year, the sum of (a) the interest payable on the Outstanding 2020 Bonds in such Bond Year, and (b) the principal amount of the Outstanding 2020 Bonds scheduled to be paid in such Bond Year.

“Bond” or **“Bonds”** shall mean the 2015 Bonds and the 2020 Bonds.

[**“Bond Insurer”** means, collectively, the 2015 Insurer and the 2020 Insurer.]

“Escrow Agent” shall mean U.S. Bank National Association, in its capacity as Escrow Agent under the Escrow Agreement for the Refunded Obligations referenced in this First Supplement.

“Escrow Agreement” shall mean the Escrow Agreement (2005 and 2010 Bonds) dated as of _____ 1, 2020 providing for the defeasance of the 2005 Bonds and the 2010 Bonds, among the City of Fullerton Public Financing Authority, the Successor Agency and U.S. Bank National Association, as Escrow Agent.

“First Supplement” means this First Supplemental Indenture of Trust dated as of _____ 1, 2020, between the Successor Agency and the Trustee.

“Indenture” means the 2015 Indenture, as supplemented and amended by this First Supplement, and as further supplemented or amended by any Supplemental Indenture entered into pursuant to the provisions thereof.

“Maximum Annual Debt Service” means, with respect to the 2020 Bonds and as of the date of calculation, the largest amount of Annual Debt Service for the current or any future Bond Year payable on the 2020 Bonds in such Bond Year. For purposes of such calculation, the amount of interest on the 2020 Bonds that is payable from the proceeds of such 2020 Bonds that is set aside solely for such purpose shall not be included in the calculation of Maximum Annual Debt Service, and there also shall be excluded payments with respect to the 2020 Bonds to the extent that amounts due with respect to the 2020 Bonds are prepaid or otherwise discharged in accordance with this Indenture.

“Owner” means, with respect to any 2015 Bond or 2020 Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Tax Certificate” means that certain Tax Certificate executed by the Successor Agency with respect to the 2020A Bonds.

“2015 Bonds” means the Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area 2015 Tax Allocation Refunding Bonds.

“2015 Indenture” means the Indenture of Trust dated as of February 1, 2015, by and between the Successor Agency and U.S. Bank National Association, as trustee.

“2015 Insurer” means Build America Mutual Assurance Company, as issuer of the Bond Insurance Policy relating to the 2015 Bonds that are Insured Bonds.

“2020 Bonds” means, collectively, the 2020A Bonds and the 2020B Bonds.

["2020 Bond Insurance Policy” means the municipal bond insurance policy issued by the 2020 Insurer relating to the 2020 Bonds.]

“2020 Bond Year” means, with respect to the 2020 Bonds, the one-year period beginning on September 2 in any year and ending on the next succeeding September 1, provided that the first Bond Year with respect to the 2020 Bonds shall begin on the closing date with respect to the 2020 Bonds and end on September 1, [2020].

“2020 Closing Date” means, with respect to the 2020 Bonds, the date on which the 2020 Bonds are delivered to the original purchasers thereof, being _____, 2020.

“2020 Continuing Disclosure Certificate” means, with respect to the 2020 Bonds, that certain Continuing Disclosure Certificate relating to the 2020 Bonds executed by the Successor Agency and dated the date of issuance and delivery of the 2020 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“2020 Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 12.03.

["2020 Insured Bonds” means the 2020 Bonds maturing on September 1, 20__ through September 1, 20__, inclusive.]

["2020 Insurer” means _____.]

“**2020 Reserve Policy**” means the Municipal Bond Debt Service Reserve Insurance Policy to be issued by the 2020 Insurer in satisfaction of the 2020 Reserve Requirement, in the stated amount of \$_____.

“**2020 Reserve Requirement**” means, subject to Section 4.03(c) of this Indenture, as of any date of computation, the lesser of: (i) 125% of the average Annual Debt Service with respect to the 2020 Bonds, (ii) Maximum Annual Debt Service with respect to the 2020 Bonds, or (iii) 10% of the original principal amount of the 2020 Bonds (or, if the 2020 Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of the 2020 Bonds). The initial 2020 Reserve Requirement equals \$_____; in no event shall the Reserve Requirement exceed \$_____. The Reserve Requirement shall be satisfied in full by the 2020 Reserve Policy.

“**2020 Reserve Subaccount**” means the subaccount by that name established within the Reserve Account pursuant to Section 12.06.

“**2020A Account**” means the 2020A Account of the 2020 Costs of Issuance Fund established by Section 12.03 hereof.

“**2020A Bonds**” means the \$_____ initial aggregate principal amount of the Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A.

“**2020B Account**” means the 2020B Account of the 2020 Costs of Issuance Fund established by Section 12.03 hereof.

“**2020B Bonds**” means the \$_____ initial aggregate principal amount of the Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable).

ARTICLE XI

AUTHORIZATION OF 2020 BONDS

Section 11.01 Authorization of 2020 Bonds.

(a) The Successor Agency has reviewed all proceedings heretofore taken and, as a result of such review, 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 2020 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 2020 Bonds in the manner and form provided in this First Supplement.

(b) Two issues of Bonds are hereby authorized to be issued by the Successor Agency under and subject to the terms of this First Supplement, the 2015 Indenture, the Refunding Bond Law, the Dissolution Act and the Redevelopment Law. This Indenture constitutes a continuing agreement with 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. Such initial issues of Bonds

shall be designated the (i) “Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A” (the “2020A Bonds”) and (ii) “Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable)” (the “2020B Bonds”). The 2020A Bonds shall be issued in the initial aggregate principal amount of \$_____, and the 2020B Bonds shall be issued in the initial aggregate principal amount of \$_____.

Section 11.02 Terms of 2020 Bonds. The 2020 Bonds shall be issued in fully registered form without coupons. The 2020 Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, so long as no 2020 Bond shall have more than one maturity date. The 2020 Bonds shall be dated as of their 2020 Closing Date. The 2020 Bonds shall be lettered and numbered as the Trustee shall prescribe.

The 2020 Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate per annum as follows:

2020A Bonds

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

2020B Bonds

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

Each 2020 Bond 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) it is authenticated on or before [February 15, 2021], in which event it shall bear interest from its 2020 Closing Date; provided, however, that if, as of the date of authentication of any 2020 Bond, interest thereon is in default, such 2020 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2020 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner’s address as it appears on the registration books at the close of business on the preceding

Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of either the 2020A Bonds or the 2020B Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2020A Bonds or such 2020B Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request. The principal of the 2020 Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

Section 11.03 Redemption of 2020 Bonds.

(a) Optional Redemption.

(i) [The 2020A Bonds maturing on or prior to September 1, 20__ are not subject to optional redemption. The 2020A Bonds maturing on or after September 1, 20__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after September 1, 20__, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

(ii) The 2020B Bonds maturing on or prior to September 1, 20__ are not subject to optional redemption. The 2020B Bonds maturing on or after September 1, 20__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after September 1, 20__, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Successor Agency shall be required to give the Trustee written notice of its intention to redeem 2020 Bonds under this subsection (a) with a designation of the principal amount and maturities to be redeemed at least forty five (45) days prior to the date fixed for such redemption (or such later date as shall be acceptable to the Trustee in the sole determination of the Trustee), and shall transfer to the Trustee for deposit in the Debt Service Fund all amounts required for such redemption not later than the date fixed for such redemption.]

(b) Mandatory Sinking Fund Redemption. The 2020A Bonds that are term bonds maturing September 1, 20__ (the “Series 2020A Term Bonds”) shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, 20__, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to Section 11.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables; provided however, that if some but not all of such Series 2020A Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Series 2020A Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

Series 2020A Term Bonds of 20__

<i>September 1</i>	<i>Principal Amount</i>
	\$

*

* Maturity.

The 2020B Bonds that are term bonds (the “Series 2020B Term Bonds”) maturing September 1, 20__ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, 20__, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to Section 11.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables; provided however, that if some but not all of such Series 2020B Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Series 2020B Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

Series 2020B Term Bonds of 20__

<i>September 1</i>	<i>Principal Amount</i>
	\$

*

* Maturity.

(a) Redemption Provisions. Except as provided in this Section 11.03 to the contrary, Section 2.03(b) through (f) of the 2015 Indenture shall also apply to the redemption of the 2020 Bonds and, to accomplish this provision, where the terms “Bond” or “Bonds” are used in such sections, such terms shall be interpreted to refer collectively to the 2015 Bonds and the 2020 Bonds.

Section 11.04 Form of Bonds. The 2020A 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 B, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this First Supplement. The 2020B 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 C, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this First Supplement.

Section 11.05 Applicability of 2015 Indenture Provisions to 2020 Bonds. The 2020 Bonds shall be executed as provided in Section 2.05 of the 2015 Indenture, and shall be otherwise subject to Sections 2.04, 2.06, 2.07 and 2.08 of the 2015 Indenture and, to accomplish this provision, (a) where the terms “Bond” or “Bonds” are used in such sections, such terms shall be interpreted to refer collectively to the 2015 Bonds and the 2020 Bonds, and (b) where the terms “Owner” or “Owners” are used in such sections, such terms shall be interpreted to refer to the person or persons in whose name the ownership of a 2015 Bond or 2020 Bond, as applicable, shall be registered on the Registration Books.

Section 11.06 Supplemental Indenture. This First Supplement constitutes a “Supplemental Indenture” as defined in Appendix A to the 2015 Indenture and within the meaning of Section 5.09 of the 2015 Indenture, and the 2020 Bonds shall be secured by Tax Revenues on a parity with the 2015 Bonds pursuant to Section 5.09 of the 2015 Indenture.

ARTICLE XII

DEPOSIT AND APPLICATION OF PROCEEDS OF 2020 BONDS

Section 12.01 Issuance of Bonds. Upon the execution and delivery of this First Supplement, the Successor Agency shall execute and deliver to the Trustee the 2020A Bonds in the aggregate principal amount of \$_____ and the 2020B Bonds in the aggregate principal amount of \$_____, and the Trustee shall authenticate and deliver the 2020A Bonds and the 2020B Bonds upon the Written Request of the Successor Agency.

Section 12.02 Application of Proceeds of Sale and Certain Other Amounts.

(a) On the 2020 Closing Date with respect to the 2020A Bonds, the net proceeds of sale of the 2020A Bonds, being \$_____ (calculated as the par amount thereof, plus net original issue premium in the amount of \$_____, less the underwriter’s discount in the amount of \$_____, and [less the portion of the premiums for the 2020 Bonds Insurance Policy and the 2020 Reserve Policy allocable to the 2020A Bonds in aggregate the amount of \$_____ paid directly to the 2020 Insurer]), shall be paid to the Trustee and applied as follows:

(i) The Trustee shall deposit the amount of \$_____ in the 2020A Account of the 2020 Costs of Issuance Fund.

(ii) The Trustee shall transfer \$_____, being the remaining amount of proceeds of the 2020A Bonds, to the Escrow Agent for deposit in accordance with the Escrow Agreement.

(b) On the 2020 Closing Date with respect to the 2020B Bonds, the net proceeds of sale of the 2020B Bonds, being \$_____ (calculated as the par amount thereof, plus net original issue premium in the amount of \$_____, less the underwriter’s discount in the amount of \$_____, and [less the portion of the premiums for the 2020 Bonds Insurance Policy and the 2020 Reserve Policy allocable to the 2020B Bonds in aggregate the amount of \$_____ paid directly to the 2020 Insurer]), shall be paid to the Trustee and applied as follows:

(i) The Trustee shall deposit the amount of \$_____ in the 2020B Account of the 2020 Costs of Issuance Fund.

(ii) The Trustee shall transfer \$_____, being the remaining amount of proceeds of the 2020B Bonds, to the Escrow Agent for deposit in accordance with the Escrow Agreement.

(c) On the 2020 Closing Date, the Trustee will credit the 2020 Reserve Subaccount with the 2020 Reserve Policy.

The Trustee may, at its discretion, establish a temporary fund or account in its books or records to facilitate such transfers.

Section 12.03 2020 Costs of Issuance Fund. There is hereby established a separate fund to be known as the “2020 Costs of Issuance Fund,” and a “2020A Account” and a “2020B Account” therein, which shall be held by the Trustee in trust. The moneys in the 2020 Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2020 Bonds 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 six (6) months following the 2020 Closing Date with respect to the 2020 Bonds, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the 2020A Account of the 2020 Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account within the Debt Service Fund, to pay debt service on the 2020A Bonds, and all amounts (if any) remaining in the 2020B Account of the 2020 Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account within the Debt Service Fund, to pay debt service on the 2020B Bonds, and the 2020 Costs of Issuance Fund shall be closed.

Section 12.04 Amendment to Section 4.01. The following sentence shall be added prior to the last sentence of the first paragraph of Section 4.01: The Bonds shall be additionally secured by all moneys in the Debt Service Fund, including the Interest Account, the Principal Account, the Reserve Account (but only with respect to the 2015 Bonds), the 2020 Reserve Subaccount (but only with respect to the 2020 Bonds), and the Redemption Account.

Section 12.05 Amendment to Section 4.02. Section 4.02 of the 2015 Indenture is hereby amended and restated in its entirety to read as follows:

SECTION 4.02 *Deposit and Application of Tax Revenues.* The Successor Agency has heretofore established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law, which the Successor Agency shall continue to hold so long as any of the Bonds remain Outstanding or any amounts are due and owing to the Bond Insurer in respect of the Bond Insurance Policy, the 2020 Bond Insurance Policy, the Reserve Policy or the 2020 Reserve Policy. The Successor Agency shall deposit all of the Tax Revenues received in any Bond Year into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. In the event the rating on general fund obligations of the City falls below A- from S&P, the Successor Agency will maintain the Redevelopment Obligation Retirement Fund as a separate account with the Trustee or another banking institution.

If the amounts on deposit in the Redevelopment Obligation Retirement Fund are at any time insufficient to enable the Successor Agency to make transfers as

required hereunder to pay the principal of and interest on all outstanding 2015 Bonds and 2020 Bonds in full when due, or to replenish the Reserve Account and 2020 Reserve Subaccount (including reimbursement of all amounts due and owing to the 2015 Insurer in respect of the Reserve Policy and the 2020 Insurer in respect of the 2020 Reserve Policy), the Successor Agency shall make such transfers on a pro rata basis.

All Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to pay the principal of and interest on all outstanding 2015 Bonds and 2020 Bonds coming due and payable during such Bond Year, and to restore the required balance in the Reserve Account and the 2020 Reserve Subaccount, shall be released from the pledge and lien hereunder for the security of the Bonds and may be applied by the Successor Agency for any lawful purposes of the Successor Agency.

Section 12.06 Amendment to Section 4.03. To facilitate the payment of the 2020 Bonds on a parity with the 2015 Bonds, (a) the terms “Bond” and “Bonds” in subsections (a), (b), and (d) of Section 4.03 shall mean the 2015 Bonds and the 2020 Bonds, and (b) each reference to reserve accounts established for the 2005 Loans and the 2010 Bonds shall be replaced with a reference to the 2020 Reserve Subaccount.

Section 12.07 Amendment of Section 4.03(c). Subsection (c) of Section 4.03 is hereby amended and restated in its entirety to read as follows:

(c) Reserve Account and 2020 Reserve Subaccount.

(i) If the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall notify the Successor Agency and the 2015 Insurer of such fact. If the Trustee has actual knowledge that the amount on deposit in the 2020 Reserve Subaccount at any time becomes less than the 2020 Reserve Requirement, the Trustee shall notify the Successor Agency and the 2020 Insurer of such fact. Upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount of available Tax Revenues sufficient to (a) maintain the Reserve Requirement on deposit in the Reserve Account (including the reimbursement of all amounts due and owing to the 2015 Insurer in respect of the Reserve Policy) and (b) maintain the 2020 Reserve Requirement on deposit in the 2020 Reserve Subaccount (including the reimbursement of all amounts due and owing to the 2020 Insurer in respect of the 2020 Reserve Policy). Deposits to replenish the Reserve Account and the 2020 Reserve Subaccount shall be made on a pro-rata basis to ensure parity treatment of the 2015 Bonds and the 2020 Bonds.

(ii) Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in such order of priority, on any date which the principal of or interest on the 2015 Bonds becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the 2015 Bonds then Outstanding. So long as no Event of Default has occurred and is continuing, any amount in the Reserve Account in excess of the Reserve Requirement

on or before the sixth Business Day preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account.

(iii) Amounts in the 2020 Reserve Subaccount shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in such order of priority, on any date which the principal of or interest on the 2020 Bonds becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the 2020 Bonds then Outstanding. So long as no Event of Default has occurred and is continuing, any amount in the 2020 Reserve Subaccount in excess of the 2020 Reserve Requirement on or before the sixth Business Day preceding each Interest Payment Date shall be withdrawn from the 2020 Reserve Subaccount by the Trustee and deposited in the Interest Account.

Section 12.08 Amendment to Section 4.04. Section 4.04 is hereby amended to add the following at the end of Section 4.04:

The 2020 Reserve Requirement will be satisfied by the delivery of the 2020 Reserve Policy by the 2020 Insurer on the 2020 Closing Date with respect to the 2020 Bonds. The Successor Agency will have no obligation to replace the 2020 Reserve Policy or to fund the 2020 Reserve Subaccount with cash if, at any time that the 2020 Bonds are Outstanding, amounts are not available under the 2020 Reserve Policy other than in connection with a draw on the 2020 Reserve Policy. Under the terms and conditions of the 2020 Reserve Policy, the Trustee shall deliver to the 2020 Insurer a demand for payment under the 2020 Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth in Section 4.03(c). The Trustee shall comply with all of the terms and provisions of the 2020 Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the 2020 Reserve Subaccount, within the limits of the coverage amount provided by the 2020 Reserve Policy. All amounts drawn by the Trustee under the 2020 Reserve Policy will be deposited into the 2020 Reserve Subaccount and applied for the purposes thereof.

Section 12.09 Rebate Fund. The Trustee shall establish a separate fund for the 2020A Bonds designated the “Rebate Fund.” Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2020A Bonds will not be adversely affected, the Successor Agency shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. 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 for the 2020A Bonds shall be governed by this Section and the Tax Certificate, unless the Successor Agency obtains and delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income of interest on the 2020A Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if the Trustee follows the directions of the Successor Agency, and the Trustee shall have no independent responsibility to or liability resulting from failure of the Trustee to enforce compliance by the Successor Agency with the Tax Certificate or the provisions of this Section.

(a) Excess Investment Earnings.

(i) Computation. Within 55 days of the end of each fifth Bond Year with respect to the 2020A 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 Treasury 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 Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury 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 Bond Year with respect to the 2020A Bonds, upon the written direction of the Director of Administrative Services, 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 12.08(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 Director of Administrative Services, 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 Bond Year with respect to the 2020A Bonds, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(Y) Not later than 60 days after the payment of all the 2020A Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond 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 Section 12.08(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 and payment of the 2020A Bonds and the payments described in

Section 12.08(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 12.07 or this First Supplement to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the 2020A Bonds and any Additional 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 XIII

SECURITY OF BONDS

Section 13.01 Security of Bonds. The pledge of Tax Revenues set forth in Section 4.01 of the 2015 Indenture is hereby expressly made in favor of the 2020 Bonds on a parity with the 2015 Bonds and, to accomplish this purpose, where the terms “Bond” or “Bonds” are used in such provisions of the 2015 Indenture and in Sections 4.05 and 4.06 of the 2015 Indenture, such terms shall be interpreted to refer collectively to the 2015 Bonds and the 2020 Bonds. In addition, the term “Owners” in Section 4.01 of the 2015 Indenture shall be interpreted to refer to the person in whose name the ownership of a 2015 Bond or 2020 Bond, as applicable, shall be registered on the Registration Books.

ARTICLE XIV

TAX COVENANTS

Section 14.01 Tax Covenants. In connection with the 2020A Bonds, 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 Owners is includable in gross income of the recipient under federal income tax laws on the date of issuance of the 2020A 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 2020A 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:

(a) Private Activity. The Successor Agency will take no action or refrain from taking any action or make any use of the proceeds of the 2020A Bonds or of any other monies or property which would cause the 2020A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The Successor Agency will make no use of the proceeds of the 2020A 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 2020A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guaranty. The Successor Agency will make no use of the proceeds of the 2020A Bonds or take or omit to take any action that would cause the 2020A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) 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;

(e) Hedge Bonds. The Successor Agency will make no use of the proceeds of the 2020A 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 2020A 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 2020A Bonds for federal income tax purposes; and

(f) 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 2020A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

ARTICLE XV

MISCELLANEOUS; 2020 INSURER PROVISIONS

Section 15.01 Covenants and Provisions Applicable to 2020 Bonds. The provisions set forth in Articles V, VI, VII, VIII and IX shall apply to the 2020 Bonds. To accomplish the purpose of this Section 15.01: (a) where the terms “Bond” or “Bonds” are used in the Articles listed in this Section 15.01, such terms shall be interpreted to refer collectively to the 2015 Bonds and the 2020 Bonds; except that for purposes of Section 5.05 of the 2015 Indenture, the term “Bonds” shall mean “the 2015 Bonds or the 2020 Bonds, as applicable,” and (b) where the terms “Owner” or “Owners” are used in the Articles listed in this Section 15.01, such terms shall be interpreted to refer to the person in whose name the ownership of a 2015 Bond or 2020 Bond, as applicable, shall be registered on the Registration Books.

Section 15.02 Amendment to Section 5.02. Section 5.02 of the 2015 Indenture is hereby amended as follows:

(a) [References to the Bond Insurer are hereby amended to mean the 2015 Insurer and the 2020 Insurer.]

(b) References to the Bond Insurance Policy are hereby amended to mean the Bond Insurance Policy and the 2020 Bond Insurance Policy.

(c) References to the Reserve Policy are hereby amended to mean the Reserve Policy and the 2020 Reserve Policy.

Section 15.03 Amendment to Section 5.09 of the 2015 Indenture. In order to permit the issuance of additional bonds on a parity with the 2015 Bonds and the 2020 Bonds to refund the 2015

Bonds and/or the 2020 Bonds, the reference to “the 2005 Loans or the 2020 Bonds” in Section 5.09 of the 2015 Indenture is hereby amended to refer to “the 2015 Bonds and/or the 2020 Bonds.”

Section 15.04 Amendment to Appendix C to 2015 Indenture. For purposes of the Indenture, the definition of “Tax Revenues” is hereby amended to read as follows:

“**Tax Revenues**” means all taxes: (a) that were eligible for allocation to the Former Agency with respect to the Merged Project Area and are allocated to the Successor Agency 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 of California, or pursuant to other applicable laws of the State of California; and (b) that are deposited or available for deposit by the Auditor-Controller of the County in the Redevelopment Property Tax Trust Fund, all as provided in Section 34172(d) of the California Health and Safety Code.

Section 15.05 Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the 2020 Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the 2020 Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter (as such term is defined in the 2020 Continuing Disclosure Certificate) or any Owner or beneficial owner of the 2020 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under this Section.

Section 15.06 Benefits Limited to Parties. Nothing in this First Supplement, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, [the 2020 Insurer] and the Owners of the 2020 Bonds, any right, remedy or claim under or by reason of this First Supplement. Any covenants, stipulations, promises or agreements in this First Supplement contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee, [the 2020 Insurer] and the Owners of the 2020 Bonds.

Section 15.07 Rules of Construction. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this First Supplement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this First Supplement as a whole and not to any particular Article, Section or subdivision hereof.

Section 15.08 Provisions Relating to the 2020 Bond Insurance Policy and the 2020 Insurer. [TO COME.]

Section 15.09 Provisions Relating to the 2020 Reserve Policy. [TO COME]

Section 15.10 Execution in Counterparts. This First Supplement 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 15.11 Governing Law. This First Supplement shall be construed and governed in accordance with the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY has caused this First Supplement to be signed in its name by its Executive Director, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this First Supplement to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE FULLERTON
REDEVELOPMENT AGENCY

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

EXHIBIT A

REFUNDED OBLIGATIONS

1. Loan Agreement dated as of December 1, 2005, among the City of Fullerton Public Financing Authority (the “Authority”), the Former Agency and the Trustee, under which the Authority has made a loan to the Former Agency in the original aggregate principal amount of \$18,090,000 for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the Orangefair Redevelopment Project (the “2005 Orangefair Loan”).
2. Loan Agreement dated as of December 1, 2005, among the Authority, the Former Agency and the Trustee, under which the Authority has made a loan to the Former Agency in the original aggregate principal amount of \$30,485,000 for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the Central Fullerton Redevelopment Project (the “2005 Central Fullerton Loan”).
3. Loan Agreement dated as of December 1, 2005, among the Authority, the Former Agency and the Trustee, under which the Authority has made a loan to the Former Agency in the original aggregate principal amount of \$26,025,000 for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the East Fullerton Redevelopment Project (the “2005 East Fullerton Loan”; and, together with the Orangefair Loan and the 2005 Central Fullerton Loan, the “2005 Loans”).

Payments by the Successor Agency to the Fullerton Redevelopment Agency under the 2005 Loans secure payment of the City of Fullerton Public Financing Authority 2005 Tax Allocation Revenue Bonds, issued in the original aggregate principal amount of \$74,600,000 (the “2005 Bonds”).

4. Fullerton Redevelopment Agency 2010 Taxable Tax Allocation Housing Bonds (the “2010 Bonds”) which have been issued by the Former Agency in the original aggregate principal amount of \$28,980,000 under that certain Indenture of Trust dated as of October 1, 2010, between the Former Agency and U.S. Bank National Association, as trustee for the 2010 Bonds.

EXHIBIT B

(FORM OF 2020A BOND)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

R-___

\$_____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS, SERIES 2020A**

INTEREST RATE: _____ **MATURITY DATE:** _____ **DATED DATE:** _____ **CUSIP:** _____
September 1, _____, 2020

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ **DOLLARS**

The SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY, a public entity duly existing under and by virtue of the laws of the State of California (the "Successor Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), 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 (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before [February 15, 2021], 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 Interest Rate per annum stated above, payable semiannually on March 1 and September 1 in each year, commencing [March 1, 2021] (each an "Interest Payment Date"),

calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee"), in Saint Paul, Minnesota or at such other place designated by the Trustee (the "Principal Corporate Trust Office"). Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for such Interest Payment Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose prior to the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A" (the "Bonds"), of an aggregate principal amount of \$_____, 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 Bond Law, the Dissolution Act, and the Redevelopment Law, as such terms are defined in the Indenture, and pursuant to an Indenture of Trust, dated as of February 1, 2015, entered into by and between the Successor Agency and the Trustee, as supplemented by a First Supplemental Indenture of Trust dated as of _____ 1, 2020 by and between the same parties (collectively, the "Indenture"), providing for the issuance of the Bonds. The Bonds are being issued in the form of registered Bonds without coupons. Simultaneously with the issuance of the Bonds, the Successor Agency is also issuing bonds designated as "Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable)" (the "2020B Bonds") that are payable from Tax Revenues on a parity with the Bonds. The Bonds and 2020B Bonds are issued under the Indenture on a parity with certain bonds of the Successor Agency designated as "Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area 2015 Tax Allocation Refunding Bonds" (the "2015 Bonds"). Additional bonds or other obligations may be issued on a parity with the 2015 Bonds, the Bonds and the 2020B 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, to the Dissolution Act, to the Refunding Bond Law and to the Redevelopment Law for a description of the terms on which the Bonds and the 2020B Bonds are issued, the provisions with regard to the nature and extent of the 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. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The Bonds have been issued by the Successor Agency for the purpose of providing funds to refinance certain bonds with respect to the Merged Project Area (as such term is defined in the Indenture) and to pay certain expenses of the Successor Agency in issuing the Bonds.

The Bonds are special obligations of the Successor Agency and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture), are

payable from, and are secured by a pledge of, security interest in and lien on the Tax Revenues derived by the Successor Agency from the Merged Project Area (as defined in the Indenture).

There has been created the Redevelopment Obligation Retirement Fund (as defined in the Indenture), which will be maintained by the Successor Agency, into which Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment, when due, of the principal of and the interest and redemption premium, if any, on the 2015 Bonds, the Bonds and the 2020B Bonds. As and to the extent set forth in the Indenture, all such Tax Revenues and the moneys in the Special Fund (as such terms are defined in the Indenture) are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture, the Dissolution Act, the Refunding Bond Law and the Redevelopment 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 2015 Bonds, the Bonds and the 2020B Bonds. In addition and to the extent set forth in the Indenture, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the 2020 Reserve Subaccount and the Redemption Account (as such terms are defined in the Indenture). Except for the 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 2015 Bonds, the Bonds and the 2020B Bonds.

[The Bonds are subject to optional and mandatory redemption as provided in the First Supplement.]

As provided in the 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 optional 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.

The Successor Agency has the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

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 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 Principal 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 any 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 Trustee may refuse to transfer or exchange (a) any Bond during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bond selected for redemption.

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 (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 herein of any Bond without the express written consent of the registered owner of such Bond, (b) permit the creation by the Successor Agency of any mortgage, pledge or lien upon the Tax Revenues superior to the pledge and lien created for the benefit of the 2015 Bonds, the Bonds, and the 2020 Bonds, or reduce the percentage of Bonds required for the written consent to any such amendment or modification or (c) modify any of the rights or obligations of the Trustee without its written consent.

This Bond is not a debt, liability or obligation of the City of Fullerton, 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 pledged by the Successor Agency. 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 Redevelopment 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 Redevelopment 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 Fullerton Redevelopment Agency has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Executive Director and attested by the manual or facsimile signature of its Deputy Secretary, all as of the Dated Date set forth above.

**SUCCESSOR AGENCY TO THE FULLERTON
REDEVELOPMENT AGENCY**

By: _____
Executive Director

ATTEST:

Secretary

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 Signatory

[STATEMENT OF INSURANCE]

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or Tax Regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT _____	Custodian _____
TEN ENT --	as tenants by the entireties		(Cust.) (Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____	(State)
COMM PROP --	as community property		

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

(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 appoints(s) _____ attorney,

to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signatures Guaranteed:

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

Note: The signatures(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.

EXHIBIT C

(FORM OF 2020B BOND)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

R-___

\$_____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS, SERIES 2020B (FEDERALLY TAXABLE)**

INTEREST RATE: _____ **MATURITY DATE:** _____ **DATED DATE:** _____ **CUSIP:** _____
September 1, _____, 2020

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ **DOLLARS**

The SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY, a public entity duly existing under and by virtue of the laws of the State of California (the "Successor Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), 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 (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before [February 15, 2021], 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 Interest Rate per annum stated above, payable semiannually on March 1 and September 1 in each year, commencing [March 1, 2021] (each an "Interest Payment Date"),

calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the corporate trust office of U.S. Bank National Association as trustee (the "Trustee"), in Saint Paul, Minnesota, or at such other place designated by the Trustee (the "Principal Corporate Trust Office"). Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for such Interest Payment Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose prior to the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable)" (the "Bonds"), of an aggregate principal amount of \$_____, 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 Bond Law, the Dissolution Act, and the Redevelopment Law, as such terms are defined in the Indenture, and pursuant to an Indenture of Trust, dated as of February 1, 2015, entered into by and between the Successor Agency and the Trustee, as supplemented by a First Supplemental Indenture of Trust dated as of _____ 1, 2020 by and between the same parties (collectively, the "Indenture"), providing for the issuance of the Bonds. The Bonds are being issued in the form of registered Bonds without coupons. Simultaneously with the issuance of the Bonds, the Successor Agency is also issuing bonds designated as "Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A" (the "2020A Bonds") that are payable from Tax Revenues on a parity with the Bonds. The Bonds and the 2020A Bonds are issued under the Indenture on a parity with certain bonds of the Successor Agency designated as "Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area 2015 Tax Allocation Refunding Bonds" (the "2015 Bonds"). Additional bonds or other obligations may be issued on a parity with the 2015 Bonds, the Bonds and the 2020A 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, to the Dissolution Act, to the Refunding Bond Law and to the Redevelopment Law for a description of the terms on which the Bonds and the 2020A Bonds are issued, the provisions with regard to the nature and extent of the 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. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The Bonds have been issued by the Successor Agency for the purpose of providing funds to refinance certain bonds with respect to the Merged Project Area (as such term is defined in the Indenture) and to pay certain expenses of the Successor Agency in issuing the Bonds.

The Bonds are special obligations of the Successor Agency and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture), are

payable from, and are secured by a pledge of, security interest in and lien on the Tax Revenues derived by the Successor Agency from the Merged Project Area (as defined in the Indenture).

There has been created the Redevelopment Obligation Retirement Fund (as defined in the Indenture), which will be maintained by the Successor Agency, into which Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment, when due, of the principal of and the interest and redemption premium, if any, on the 2015 Bonds, the Bonds and the 2020A Bonds. As and to the extent set forth in the Indenture, all such Tax Revenues and the moneys in the Special Fund (as such terms are defined in the Indenture) are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture, the Dissolution Act, the Refunding Bond Law and the Redevelopment 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 2015 Bonds, the Bonds, the 2020A Bonds. In addition and to the extent set forth in the Indenture, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the 2020 Reserve Subaccount and the Redemption Account (as such terms are defined in the Indenture). Except for the 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 2015 Bonds, the Bonds and the 2020A Bonds.

[The Bonds are subject to optional and mandatory redemption as provided in the First Supplement.]

As provided in the 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 optional 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.

The Successor Agency has the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

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 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 Principal 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 any 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 Trustee may refuse to transfer or exchange (a) any Bond during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bond selected for redemption.

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 (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 herein of any Bond without the express written consent of the registered owner of such Bond, (b) permit the creation by the Successor Agency of any mortgage, pledge or lien upon the Tax Revenues superior to the pledge and lien created for the benefit of the 2015 Bonds, the Bonds, and the 2020 Bonds, or reduce the percentage of Bonds required for the written consent to any such amendment or modification or (c) modify any of the rights or obligations of the Trustee without its written consent.

This Bond is not a debt, liability or obligation of the City of Fullerton, 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 pledged by the Successor Agency. 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 Redevelopment 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 Redevelopment 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 Fullerton Redevelopment Agency has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Executive Director and attested by the manual or facsimile signature of its Deputy Secretary, all as of the Dated Date set forth above.

**SUCCESSOR AGENCY TO THE FULLERTON
REDEVELOPMENT AGENCY**

By: _____
Executive Director

ATTEST:

Secretary

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 Signatory

[STATEMENT OF INSURANCE]

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or Tax Regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT _____	Custodian _____
TEN ENT --	as tenants by the entireties		(Cust.) (Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____	(State)
COMM PROP --	as community property		

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

(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 appoints(s) _____ attorney,

to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signatures Guaranteed:

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

Note: The signatures(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.

INDENTURE OF TRUST

Dated as of February 1, 2015

between the

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY**

and

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

Relating to

**\$11,975,000
Successor Agency To The
Fullerton Redevelopment Agency
Merged Fullerton Redevelopment Project Area
2015 Tax Allocation Refunding Bonds**

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INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture"), dated as of February 1, 2015, is between the SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY, a public entity 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").

B A C K G R O U N D :

1. The Fullerton Redevelopment Agency (the "Former Agency") was formerly a public body, corporate and politic, duly established and authorized to transact business and exercise powers under the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law").

2. Pursuant to Section 34172(a) of the Redevelopment Law, the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173 of the Code the City of Fullerton has become the successor entity to the Agency.

3. Prior to its dissolution, the Former Agency and the City of Fullerton (the "City") entered into a Financing Agreement dated as of July 1, 1998 (the "1998 Financing Agreement"), under which the Former Agency agreed to reimburse the City for lease payments made in respect of the City of Fullerton Public Financing Authority 1998 Revenue Bonds (the "1998 Authority Bonds") which have been issued by the City of Fullerton Public Financing Authority (the "Authority") in the aggregate original principal amount of \$24,539,455.

4. The proceeds of the 1998 Authority Bonds were applied to finance various public capital improvements which the Former Agency found and determined to be of benefit to the Central Business District Redevelopment Project (the "Central Business District Redevelopment Project") and the East Fullerton Redevelopment Project (the "East Fullerton Redevelopment Project") of the Former Agency.

5. Under the 1998 Financing Agreement the Former Agency pledged the tax increment revenues received from the Central Business District Redevelopment Project and the East Fullerton Redevelopment Project to the payment of its reimbursement obligations under the 1998 Financing Agreement (the "1998 Reimbursement Obligations").

6. Subsequent to the execution and delivery of the 1998 Financing Agreement, the City and the Former Agency merged the Central Business District Redevelopment Project and the East Fullerton Redevelopment Project with other redevelopment project areas of the Former Agency, pursuant to Ordinance No. 3082 which was adopted by the City Council of the City on December 19, 2006, which formed the Merged Fullerton Redevelopment Project Area (the "Merged Project Area"), and as a result of said merger the 1998 Reimbursement Obligations are payable from and

secured by a pledge of and lien on the tax increment revenues from the Merged Project Area.

7. Under Section 34177.5 of the Redevelopment Law, the Successor Agency is authorized to issue bonds under Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Bond Law") for the purpose of achieving debt service savings in accordance with the parameters set forth in said Section 34177.5.

8. The Successor Agency has determined that it can achieve debt service savings within said parameters by issuing its refunding bonds under the Refunding Bond Law for the purpose of refunding the 1998 Reimbursement Obligations, and to that end the governing board of the Successor Agency has authorized the issuance of its Successor Agency To The Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area 2015 Tax Allocation Refunding Bonds in the aggregate principal amount of \$11,975,000 (the "Bonds").

9. The Successor Agency has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee and duly issued, 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.

A G R E E M E N T :

In order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding Bonds 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 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

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A attached to this Indenture have the respective meanings specified in Appendix A when used in this Indenture.

SECTION 1.02. *Authorization.* Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture,

and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "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 OF BONDS

SECTION 2.01. *Authorization and Purpose of Bonds.* The Successor Agency has reviewed all proceedings heretofore taken and as a result of such review has found, 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, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The Successor Agency hereby authorizes the issuance of the Bonds under the Refunding Bond Law, for the purpose of providing funds to refinance the 1998 Reimbursement Obligations. The Bonds shall be designated the "Successor Agency To The Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area 2015 Tax Allocation Refunding Bonds" and shall be issued in the aggregate principal amount of \$11,975,000.

SECTION 2.02. *Terms of the Bonds.* The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated as of the Closing Date, and shall mature in the years and in the respective principal amounts and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the respective rates per annum, as set forth in the following table:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
September 1, 2016	\$1,030,000	3.00%
September 1, 2017	1,435,000	3.00
September 1, 2018	1,515,000	4.00
September 1, 2019	1,610,000	4.00
September 1, 2020	970,000	5.00
September 1, 2021	1,015,000	5.00
September 1, 2022	1,065,000	5.00
September 1, 2023	1,125,000	5.00
September 1, 2024	1,185,000	5.00
March 1, 2025	1,025,000	5.00

Interest on the Bonds is payable from the Interest Payment Date immediately preceding the date of authentication thereof unless:

- (a) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- (b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or
- (c) interest on a Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on a Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of 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, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

SECTION 2.03. *Redemption of Bonds.*

(a) Optional Redemption. The Bonds maturing on or before September 1, 2022, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after September 1, 2023, are subject to redemption in whole, or in part at the Request of the Successor Agency among maturities on such basis as shall be designated by the Successor Agency and by lot within a maturity, at the option of the Successor Agency, on any date on or after September 1, 2022, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

The Successor Agency shall give the Trustee written notice of its intention to redeem Bonds under this subsection (a), and the principal amount of each maturity to be redeemed in sufficient time to enable the Trustee to give notice of such redemption in accordance with subsection (b) of this Section.

(b) Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to the Municipal Securities Rulemaking Board, at least 30 but not more than 60 days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date and with regard to optional redemption in the event that funds required to pay the redemption price are not on deposit under this Indenture at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Trustee on or prior to the redemption date.

(c) Right to Rescind Notice of Redemption. The Successor Agency has the right to rescind any notice of the optional redemption of Bonds under subsection (a) of this Section by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Successor Agency and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the notice of redemption was sent under subsection (b) of this Section.

(d) Manner of Redemption. Whenever provision is made in this Section 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 deems appropriate. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

(e) Partial Redemption of a Bond. If only a portion of a Bond is called for redemption, then upon surrender of such Bond the Successor Agency will 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 series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(f) Effect of Redemption. If notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, from and after the date fixed for redemption such Bonds 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 from and after the redemption date specified in such notice. Unless otherwise directed in writing by the Successor Agency, the Trustee shall cancel and destroy all Bonds redeemed under this Section.

SECTION 2.04. *Book Entry System.*

(a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of 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 is registered in the name of the Nominee, the Successor Agency and the Trustee have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Successor Agency and the Trustee 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, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Successor Agency elects to redeem the Bonds in part, (iv) 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, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Successor Agency 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 of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters 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 the 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 Successor Agency to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the Successor Agency 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 Successor Agency 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 Successor Agency 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 in no way limits the provisions of subsection (a) above or in any other way imposes upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Successor Agency 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. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Successor Agency determines to terminate the Depository as such, then the Successor Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Successor Agency 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 Successor Agency 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 hereof.

If the Successor Agency determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Successor Agency may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Successor Agency shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (z) to arrange for another

Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the Successor Agency's expense.

(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 2.05. *Form and Execution of Bonds.* The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Chair of the Successor Agency shall execute, and the Secretary of the Successor Agency shall attest each Bond in the name and on behalf of the Successor Agency. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on a Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. A Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of that Bond are the proper officers of the Successor Agency, duly authorized to execute debt instruments on behalf of the Successor Agency, although on the date of that Bond any such person was not an officer of the Successor Agency.

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix B, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.06. *Transfer and Exchange of Bonds.*

(a) Transfer. A 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 that Bond to the Trustee at its 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 are surrendered for transfer, the Successor Agency will execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Trustee shall require the payment by the Owners of the Bonds requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Successor Agency will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall require the payment by the Owners of the Bonds requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Successor Agency will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

(c) Limitations. The Trustee may refuse to transfer or exchange, under the provisions of this Section, any Bonds selected by the Trustee for redemption under Section 2.03, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

SECTION 2.07. *Registration Books*. The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Bonds, which must at all times during normal business hours, and upon reasonable notice, be open to inspection by the Successor Agency; 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 2.08. *Bonds Mutilated, Lost, Destroyed or Stolen*. If a Bond is mutilated, the Successor Agency, at the expense of the Owner of that Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to or upon the order of the Successor Agency. If a Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and if indemnity satisfactory to the Trustee is given, the Successor Agency, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee 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 Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will 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 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 under this Indenture.

Notwithstanding any other provision of this Section, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

ARTICLE III

DEPOSIT AND APPLICATION OF BOND PROCEEDS

SECTION 3.01. *Issuance of Bonds.* Upon the execution and delivery of this Indenture, the Successor Agency will execute and deliver the Bonds in the aggregate principal amount of \$11,975,000 to the Trustee and the Trustee shall authenticate and deliver the Bonds to the Original Purchaser upon receipt of a Request of the Successor Agency therefor.

SECTION 3.02. *Deposit and Application of Bond Proceeds.* On the Closing Date, the proceeds of sale of the Bonds shall be paid to the Trustee and deposited by the Trustee as follows:

- (a) The Trustee shall deposit the amount of \$145,349.68 in the Costs of Issuance Fund.
- (b) The Trustee shall transfer the amount of \$13,387,836.51 to the 1998 Authority Bond Trustee for deposit and application in accordance with the Escrow Agreement.

SECTION 3.03. *Costs of Issuance Fund.* There is hereby established a separate fund to be known as the "Costs of Issuance Fund", which the Trustee shall hold in trust. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the Successor Agency stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the Successor Agency; in each case together with a statement or invoice for each amount requested thereunder. Each such Request of the Successor Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee has no duty to confirm the accuracy of such facts. On April 1, 2015, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Debt Service Fund, and the Trustee shall thereupon close the Costs of Issuance Fund.

SECTION 3.04. *Refunding and Defeasance of 1998 Reimbursement Obligations.* The Successor Agency hereby covenants that as a result of the deposit and application of the proceeds of the Bonds under the Escrow Agreement, the 1998 Reimbursement Obligations will be refunded and defeased on the Closing Date under and in accordance with the 1998 Financing Agreement, and the 1998 Reimbursement Obligations will cease to be secured by and payable from the Tax Revenues.

ARTICLE IV

SECURITY FOR THE BONDS; FLOW OF FUNDS; INVESTMENTS

SECTION 4.01. *Security of Bonds; Equal Security.* For the security of the Bonds, the Successor Agency hereby grants a first pledge of and lien on all of the Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund, on a parity with the pledge and lien which secures the 2005 Loans with respect to the portion of the Tax Revenues which have been pledged to the payment of the 2005 Loans, and on a basis which is subordinate to the pledge and lien which secures the 2010 Bonds with respect to the portion of the Tax Revenues which have been pledged to the payment of the 2010 Bonds. Except for the Tax Revenues and other funds pledged hereunder for the security of the Bonds, no funds of the Successor Agency are 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 hold the same from time to time, this Indenture constitutes a contract between the Successor Agency and 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 are 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 4.02. *Deposit and Application of Tax Revenues.* The Successor Agency has heretofore established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law, which the Successor Agency shall continue to hold so long as any of the Bonds remain Outstanding or any amounts are due and owing to the Bond Insurer in respect of the Bond Insurance Policy or the Reserve Policy. The Successor Agency shall deposit all of the Tax Revenues received in any Bond Year into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. In the event the rating on general fund obligations of the City falls below A- from S&P, the Successor Agency will maintain the Redevelopment Obligation Retirement Fund as a separate account with the Trustee or another banking institution.

If the amounts on deposit in the Redevelopment Obligation Retirement Fund are at any time insufficient to enable the Successor Agency to make transfers as required hereunder to pay the principal of and interest on all outstanding 2005 Loans and all outstanding 2010 Bonds in full when due, or to replenish the Reserve Account (including reimbursement of all amounts due and owing to the Bond Insurer in respect of the Reserve Policy) and the reserve accounts established for the outstanding 2005 Loans and the 2010 Bonds, the Successor Agency shall make such transfers on a pro rata basis.

All Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to pay the principal of and interest on all outstanding

Bonds, 2005 Loans and 2010 Bonds coming due and payable during such Bond Year, and to restore the required balance in the Reserve Account and in the reserve accounts established for the outstanding 2005 Loans and 2010 Bonds, shall be released from the pledge and lien hereunder for the security of the Bonds and may be applied by the Successor Agency for any lawful purposes of the Successor Agency.

SECTION 4.03. *Debt Service Fund; Transfer of Amounts to Trustee.* The Trustee shall establish the Debt Service Fund as a special trust fund, which the Trustee shall hold in trust so long as any of the Bonds remain Outstanding. In addition to the transfers required to be made from the Redevelopment Obligation Retirement Fund for the payment of principal of and interest and premium (if any) on the 2005 Loans and the 2010 Bonds, and for the replenishment of the Reserve Account (including reimbursement of all amounts due and owing to the Bond Insurer in respect of the Reserve Policy) and the reserve accounts established for the 2005 Loans and the 2010 Bonds, the Successor Agency shall transfer amounts on deposit in the Redevelopment Obligation Retirement Fund to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are hereby established with the Trustee, in the following order of priority:

- (a) Interest Account. On or before the 5th Business Day preceding each date on which interest on the Bonds is due and payable, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on such date. The Trustee shall apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.
- (b) Principal Account. On or before the 5th Business Day preceding each date on which principal of the Bonds is due and payable, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on such date on the Outstanding Bonds. The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at maturity.
- (c) Reserve Account. If the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall notify the Successor Agency and the Bond Insurer of such fact. Upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account (including the reimbursement of all amounts due and owing to the Bond Insurer in respect of the Reserve Policy). Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely

for the purpose of making transfers to the Interest Account and the Principal Account, in such order of priority, on any date which the principal of or interest on the Bonds becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the Bonds then Outstanding. So long as no Event of Default has occurred and is continuing, any amount in the Reserve Account in excess of the Reserve Requirement on or before the sixth Business Day preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account.

- (d) Redemption Account. On or before the 5th Business Day preceding any date on which Bonds are subject to optional redemption under Section 2.03(a), the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be so redeemed on such date. The Trustee shall apply amounts in the Redemption Account solely for the purpose of paying the principal of and premium, if any, on the Bonds upon the optional redemption thereof under Section 2.03(a), on the date set for such redemption.

SECTION 4.04. *Reserve Policy*. The Reserve Requirement will be initially maintained in the form of the issuance of the Reserve Policy. Under the terms and conditions of the Reserve Policy, the Trustee shall deliver to the Bond Insurer a demand for payment under the Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth in Section 4.03(c). The Trustee shall comply with all of the terms and provisions of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Reserve Policy. All amounts drawn by the Trustee under the Reserve Policy will be deposited into the Reserve Account and applied for the purposes thereof.

SECTION 4.05. *Investment of Moneys in Funds*. The Trustee shall invest moneys in any of the funds established and held by the Trustee hereunder in Permitted Investments specified in the Request of the Successor Agency (which Request will be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two Business Days in advance of the making of such investments. In the absence of any such direction from the Successor Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (d) of the definition thereof; *provided, however*, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the Successor Agency specifying a specific money market fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested. The Successor Agency will invest moneys in the Redevelopment Obligation Retirement Fund in any obligations in which the Successor Agency is legally authorized to invest funds within its control, including but not limited to the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture any moneys are required to be transferred by the Successor Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be retained in the respective fund or account from which such investment was made; *provided, however*, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the Successor Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made under this Section.

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 transaction statements which will 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.

SECTION 4.06. *Valuation and Disposition of Investments.*

(a) Except as otherwise provided in subsection (b) of this Section, the Successor Agency covenants that all investments of amounts deposited in any fund or account created by or under this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value as such term is defined in subsection (d) below. The Trustee has no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any Certificate or Request of the Successor Agency.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and investments in the Reserve Account shall be valued at cost thereof (consisting of present value thereof within the meaning of Section 148 of the Tax Code); provided that the Successor Agency must inform the Trustee which funds are subject to a yield restriction, and must provide the Trustee with any necessary valuation criteria or formulae.

(c) Except as provided in the proceeding subsection (b), for the purpose of determining the amount in any fund, the Trustee shall value Permitted Investments credited to such fund at least annually at the Fair Market Value thereof. The Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system. If and as directed by the

Successor Agency in writing, the Trustee shall sell or present for redemption any Permitted Investment so purchased by the Trustee whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee has no liability or responsibility for any loss resulting therefrom.

(d) For purposes of this Section, the term "Fair Market Value" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

SECTION 5.01. *Punctual Payment.* The Successor Agency will punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and this Indenture. The Successor Agency will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures. Nothing herein contained prevents the Successor Agency from making advances of other legally available funds to make any payment referred to herein.

SECTION 5.02. Compliance with the Dissolution Act; Recognized Obligation Payment Schedules. The Successor Agency shall comply with all of the requirements of the Dissolution Act. The Successor Agency shall take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules so as to enable the Orange County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor Agency to pay timely principal of, and interest on, all outstanding Bonds, 2005 Loans and 2010 Bonds coming due in such Bond Year. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedules for approval by the Oversight Board and the California Department of Finance, the amounts to be held by the Successor Agency as a reserve until the next Semiannual 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 hereunder 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 Semiannual Period.

Without limiting the generality of the foregoing paragraph, the Successor Agency will take all actions required under the Dissolution Act to include on the Recognized Obligation Payment Schedules for each Semiannual Period all payments to the Trustee to satisfy the requirements of this Indenture, the respective 2005 Loan Agreements and the 2010 Bond Indenture, including any amounts required to replenish the respective reserve accounts established for the Bonds, the 2005 Loans and the 2010 Bonds and including any amounts due and owing to the Bond Insurer in respect of the Bond Insurance Policy or Reserve Policy. For each Semiannual Period, the Successor Agency shall request an amount of Tax Revenues on the Recognized Obligation Payment Schedules as follows:

- (a) for the Semiannual Period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, the Successor Agency shall request an amount of Tax Revenues which is at least equal to one-half of the aggregate amount of principal of and interest on the Bonds, the 2005 Loans and the 2010 Bonds during the Bond Year which ends on September 1 in such calendar year;
- (b) For the Semiannual Period beginning on July 1 of any calendar year and ending on December 31 of such calendar year, the Successor Agency shall request an amount of Tax Revenues which is required, together with amounts then reserved from any prior Semiannual Period, to pay 100% of the amount of principal of and interest on the Bonds, the 2005 Loans and the 2010 Bonds coming due during such Semiannual Period; and
- (c) any amounts required to make payments due to the Bond Insurer in respect of the Bond Insurance Policy or the Reserve Policy.

The provisions of this Indenture relating to Semiannual Periods shall apply only so long as the Successor Agency is required to prepare and file Recognized Obligation Payment Schedules on the basis of a Semiannual Period under the Dissolution Act. In the event the Dissolution Act is amended to provide for the filing of Recognized Obligation Payment Schedules on an annual basis, the Successor Agency shall be obligated to include in each such Recognized Obligation Payment Schedule the aggregate amount of principal of and interest on the Bonds, the 2005 Loans and the 2010 Bonds coming due in the related Bond Year.

The Successor Agency shall provide the Bond Insurer with copies of all Recognized Obligation Payment Schedules submitted and any and all correspondence received from the California Department of Finance, upon receipt. In the event that the Successor Agency is a party to a meet and confer with the California Department of Finance, the Successor Agency shall timely notify the Bond Insurer of such fact and the Bond Insurer shall have the right to participate in the meet and confer process either by appearance with the Successor Agency at the meeting or through written submission, as the Bond Insurer determines in its discretion. In the event the Successor Agency receives a denial from the California Department of Finance with respect to any Recognized Obligation Payment Schedules, whether relating to the Insured Bonds or not,

and such denial could delay the receipt of tax revenues necessary to pay debt service or Policy Costs relating to the Bonds, the Successor Agency agrees to cooperate in good faith with the Bond Insurer and the Bond Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the California Department of Finance and to discuss such matters with the California Department of Finance directly.

In the event the Successor Agency fails to timely file any Recognized Obligation Payment Schedules relating to the Insured Bonds for any period, the Successor Agency designates the Bond Insurer as its attorney in fact with the power to file a Recognized Obligation Payment Schedule with respect to the Insured Bonds.

SECTION 5.03. *Compliance with Plan Limitations.* If and to the extent that the Plan Limitations apply to the Successor Agency under the Dissolution Act, the Successor Agency shall not take any action which causes or which, with the passage of time, would cause any of the Plan Limitations to be exceeded or violated. The Successor Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Successor Agency to pay the principal of and interest and redemption premium (if any) on all outstanding Bonds, 2005 Loans and all 2010 Bonds when due. The Successor Agency shall not accept any Tax Revenues which would cause any of the Plan Limitations to be exceeded.

Without limiting the generality of the foregoing provisions of this Section, the Successor Agency covenants that the aggregate amount of principal and interest which remains payable on the Bonds, the 2005 Loans and the 2010 Bonds shall not exceed 95% of the aggregate amount of tax revenues that may be collected under the Plan Limitations. If the aggregate amount of principal and interest which remains payable on the Bonds, the 2005 Loans and the 2010 Bonds at any time exceeds 95% of the aggregate amount of tax revenues that may be collected under the Plan Limitations, the Successor Agency shall (a) promptly notify the Bond Insurer of such fact in writing, (b) cause to be included in all Recognized Obligation Payment Schedules which are prepared thereafter the entire amount of tax revenues that have been collected in the Merged Project Area during the prior Semiannual Period, and (c) apply all such tax revenues either (i) to the optional redemption of the Bonds under Section 2.03(a), or (ii) if the Bonds are not then subject to optional redemption under Section 2.03(a), to the establishment of a defeasance escrow which is invested to the first available optional redemption date for the Bonds and applied to redeem the Bonds on such optional redemption date.

SECTION 5.04. *Payment of Claims.* The Successor Agency 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 Successor Agency or upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant hereto, or which might impair the security of the Bonds. Nothing herein requires the Successor Agency to make any such payment so long as the Successor Agency in good faith contests the validity of said claims.

SECTION 5.05. *Books and Accounts; Financial Statements; Additional Information.* The Successor Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor

Agency and the City, in which complete and correct entries are made of all transactions relating to the Tax Revenues, the Redevelopment Obligation Retirement Fund. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect) and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared annually, within 270 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing all deposits into and disbursements from the Redevelopment Obligation Retirement Fund, as of the end of such Fiscal Year. Such financial statements may be combined with or otherwise be a part of the financial statements which are prepared for the City. The Trustee has no duty to review any such financial statement.

SECTION 5.06. *Protection of Security and Rights of Owners.* The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the date of issuance of the Bonds, the Successor Agency may not contest the validity or enforceability of the Bonds or this Indenture.

SECTION 5.07. *Payments of Taxes and Other Charges.* The Successor Agency will 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 Successor Agency or the properties then owned by the Successor Agency in the Merged Project Area, when the same comes due. Nothing herein contained requires the Successor Agency to make any such payment so long as the Successor Agency in good faith contests the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

SECTION 5.08. *Compliance with the Redevelopment Law; Maintenance of Tax Revenues.* In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final non-appealable judicial decision to be invalid and, in place of the invalid provisions, provisions of the Redevelopment Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Redevelopment 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, in the case of amounts payable by the State of California, appropriate officials of the State of California. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final appealable judicial decision to be invalid and neither provisions of the Redevelopment Law nor the equivalent replace the invalid provisions, then an Event of Default shall be deemed to have occurred and the remedies upon an Event of Default contained herein shall apply.

SECTION 5.09. *Limitation on Additional Indebtedness.* The Successor Agency hereby covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues. Notwithstanding the foregoing, (a) the Successor Agency may issue and sell refunding bonds payable from and secured by Tax Revenues on a parity with

Outstanding Bonds for the purpose of refunding the 2005 Loans or the 2010 Bonds, in whole or in part, if such refunding meets the applicable requirements of Section 34177.5 of the Redevelopment Law, and (b) nothing herein is intended to restrict the ability of the Successor Agency to issue its notes, bonds or other obligations which are secured by a pledge of and lien on the Tax Revenues which are subordinate to the pledge and lien which secures the Bonds.

SECTION 5.10. *Tax Covenants Relating to the Bonds.*

(a) Generally. The Successor Agency may not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Bonds to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to become “private activity bonds” within the meaning of Section 141(a) of the Tax Code or to meet the private loan financing test of Section 141(c) of the Tax Code.

(c) Federal Guarantee Prohibition. The Successor Agency may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Tax Code.

(e) Rebate of Excess Investment Earnings. The Successor Agency shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The Successor Agency shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from any source of legally available funds of the Successor Agency. The Successor Agency shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e).

The Trustee has no duty to monitor the compliance by the Successor Agency with any of the covenants contained in this Section.

SECTION 5.11. *Continuing Disclosure.* The Successor Agency will comply with and carry out all of the provisions of the Continuing Disclosure Certificate which has been executed and delivered by the Successor Agency on the Closing Date. Notwithstanding any other provision hereof, failure of the Successor Agency to comply with such Continuing Disclosure Certificate does not constitute an Event of Default hereunder; *provided, however,* that any Participating Underwriter (as such term is

defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under this Section.

SECTION 5.12. *Compliance with Prior Bond Documents.* The Successor Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of the 2005 Loans and the 2010 Bonds, in strict conformity with the terms of the respective 2005 Loan Agreements and the 2010 Bond Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of the respective 2005 Loan Agreements and the 2010 Bond Indenture.

SECTION 5.13. *Further Assurances.* The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Bond Insurer and the Bond Owners the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiving 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 or duties 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 reasonable corporate trustee would exercise or use.

(b) The Successor Agency may remove the Trustee at any time, 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 Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or becomes incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take 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 30 days written notice of such removal by the Successor Agency to the Trustee, whereupon in the case of the Trustee, the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency, and by giving notice of such resignation by first

class mail, postage prepaid, to the Bond Insurer and to the Bond Owners 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 becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, the Bond Insurer or any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court 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 to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and 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, upon the receipt by the predecessor Trustee of the 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 will 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 or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Bond Insurer, to each rating agency which then maintains a rating on the Bonds, and to the Owners at the 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.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall: (i) be a company or bank having trust powers, (ii) have a corporate trust office in the State of California, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least \$50,000,000, and (iv) be subject to supervision or examination by federal or state authority.

If such bank or company publishes a report of condition at least annually, under 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 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 subsection (c) of this Section.

The Successor Agency will maintain a Trustee acceptable to the Bond Insurer and qualified under the provisions of the foregoing provisions of this subsection (e), so long as any Bonds are Outstanding.

SECTION 6.02. *Merger or Consolidation.* Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under subsection (e) of Section 6.01, 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 6.03. *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 assumes no responsibility for the correctness of the same, nor does it have any liability whatsoever therefor, nor does it make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor does it incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee is, however, responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee is not liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of 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. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the Successor Agency.

(b) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Bond Insurer or the Owners of 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.

(c) The Trustee is not 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.

(d) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its 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 hereunder or thereunder. The Trustee shall not be responsible for the Successor Agency's payment of principal and interest on the Bonds, the Successor Agency's observance or performance of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it.

(e) No provision in this Indenture requires the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder. The Trustee shall be entitled to receive interest on any moneys advanced by it hereunder, at the maximum rate permitted by law.

(f) The Trustee may establish additional accounts or subaccounts of the funds established hereunder as the Trustee deems necessary or prudent in furtherance of its duties under this Indenture.

(g) The Trustee has no responsibility or liability whatsoever 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, nor shall the Trustee have any obligation to review any such material, and any such review by the Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

(h) Before taking any action under this Article or Article VIII, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to hold the Trustee harmless from any expenses whatsoever and to protect it against any liability it may incur hereunder.

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

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

(k) 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.

(l) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Successor Agency elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the

Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Successor Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(m) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(n) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

SECTION 6.04. *Right to Rely on Documents.* The Trustee shall be protected in acting upon any notice, resolution, requisition, 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. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the Successor Agency, 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 the Trustee hereunder in accordance therewith.

The Trustee is not bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such person's 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 deems 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 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 Certificate, but in its discretion the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

SECTION 6.05. *Preservation and Inspection of Documents.* The Trustee will retain in its possession all documents received by it under the provisions of this Indenture, which will be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing.

SECTION 6.06. *Compensation and Indemnification.* Absent any agreement to the contrary, the Successor Agency will pay to the Trustee from time to time compensation

for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee has a first lien on the 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 compensation to its experts, attorneys and counsel incurred in declaring any Event of Default and in exercising the rights and remedies set forth in Article VIII. Any such expenses incurred by the Trustee shall be deemed to constitute a substantial contribution to the trust estate which secures the Bonds.

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 (including legal fees and expenses) and liabilities, whether or not litigated, which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, 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 6.07. *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 corporate industry standards, in which accurate entries are made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee under this Indenture. Such books of record and account shall be available for inspection by the Successor Agency and by the Bond Insurer at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least semiannually, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee under this Indenture.

SECTION 6.08. *Provisions Relating to Bond Insurance Policy.* So long as the Bond Insurance Policy remains in effect, the Successor Agency and the Trustee shall comply with all of the terms and provisions set forth in Appendix C relating to the Bond Insurer and the Bond Insurance Policy. Such provisions are hereby incorporated into this Indenture by this reference, and shall control and supersede any conflicting or inconsistent provisions in this Indenture.

SECTION 6.09. *Provisions Relating to Reserve Policy.* So long as the Reserve Policy remains in effect, the Successor Agency and the Trustee shall comply with all of the terms and provisions set forth in Appendix D relating to the Bond Insurer and the Reserve Policy. Such provisions are hereby incorporated into this Indenture by this reference, and shall control and supersede any conflicting or inconsistent provisions in this Indenture.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 7.01. *Amendments Permitted.*

(a) Amendment With Bond Owner Consent. This Indenture and the rights and obligations of the Successor Agency and of the Owners of the Bonds may be modified or amended by the Successor Agency and the Trustee upon Request of the Successor Agency at any time by the execution of a Supplemental Indenture, but only with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding with respect to all Bonds then Outstanding. Any such Supplemental Indenture becomes effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Bond Owners. No such modification or amendment shall:

- (i) extend the maturity of a Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Successor Agency 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 written consent of the Owner of that Bond;
- (ii) permit the creation by the Successor Agency of any mortgage, pledge or lien upon the Tax Revenues superior to the pledge and lien created for the benefit of the Bonds, or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification; or
- (iii) modify any of the rights or obligations of the Trustee without its written consent.

(b) Amendment Without Bond Owner Consent. This Indenture and the rights and obligations of the Successor Agency and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of the Bonds, but only for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the Successor Agency contained in this Indenture, 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;
- (ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the Successor Agency deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the Successor Agency and the Trustee;

- (iii) to amend any provision hereof to assure the exclusion from gross income of interest on the Bonds for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee;
- (iv) to provide the terms and provisions applicable to any issue of bonds, notes or other obligations on a parity with the Bonds, which are issued in accordance with Section 5.09; or
- (v) in the event that any provisions of the Dissolution Act are determined by a court in a final non-appealable judicial decision to be invalid, to make such amendments to this Indenture as may be required, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee, in order to reflect the applicable provisions of law which thereby become applicable to the Bonds.

(c) Notice of Amendments. The Successor Agency shall deliver or cause to be delivered a draft of any Supplemental Indenture to S&P, at least 10 days prior to the effective date of such Supplemental Indenture under this Section. In addition, the Successor Agency shall deliver or cause to be delivered to the Bond Insurer a copy of each Supplemental Indenture executed and delivered under this Section, and any related transcript documents requested by the Bond Insurer.

SECTION 7.02. *Effect of Supplemental Indenture*. From and after the time any Supplemental Indenture becomes effective under 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 7.03. *Endorsement or Replacement of Bonds After Amendment*. After the effective date of any amendment or modification hereof under 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 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 Office of the Trustee without cost to such Owners.

SECTION 7.04. *Amendment by Mutual Consent*. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to such Owner's Bond.

SECTION 7.05. *Trustee's Reliance*. The Trustee may conclusively rely, and is protected in relying, upon a Certificate of the Successor Agency and an opinion of Bond Counsel stating that all requirements of this Indenture relating to the amendment or

modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Bond Owners.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01. *Events of Default and Acceleration of Maturities.* Each of the following events constitutes an Event of Default hereunder:

- (a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.
- (b) Failure to pay any installment of interest on the Bonds when due.
- (c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions set forth in this Indenture or in the Bonds which are within its control, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Successor Agency by the Trustee or the Bond Insurer; *provided, however*, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Successor Agency institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.
- (d) The Successor Agency commences a voluntary case under Title 11 of the United States Code or any substitute or successor statute.
- (e) The occurrence and continuation of an event of default under and as defined in the 2005 Loan Agreements or the 2010 Bond Indenture.

For purposes of determining whether any event of default has occurred under and as described in the preceding clauses (a) or (b), no effect shall be given to payments made under the Bond Insurance Policy or the Reserve Policy.

If an Event of Default occurs under this Section and is continuing, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (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 will become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of Section 8.07, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity to enforce the rights of the Bond Owners under this Indenture.

Upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall give notice of such Event of Default to the Successor Agency and to the Bond Insurer by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to 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 under 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 has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has 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 at an interest rate equal to the highest rate borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, 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) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has 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 8.02. *Notice of Event of Default.* 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 must also state whether the principal of the Bonds has been declared to be or have immediately become due and payable as provided in Section 8.01. With respect to any Event of Default described in Section 8.01(a) or (b), the Trustee shall, and with respect to any Event of Default described in Section 8.01(c) the Trustee in its sole discretion may, also give such notice to the Bond Owners in the same manner as provided herein for notices of redemption of the Bonds, which must include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under Section 8.01 (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

SECTION 8.03. *Application of Funds Upon Event of Default.* All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder (other than in the Reserve Account so long as it is maintained in the form of

the Reserve Policy) upon the occurrence of an Event of Default, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order or priority:

- (a) *First*, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.
- (b) *Second*, to the payment of any amounts owed to the Bond Insurer hereunder.
- (c) *Third*, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and in case such moneys are insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.
- (d) *Fourth*, to the payment of any amounts owed to the Bond Insurer hereunder.

SECTION 8.04. *Power of Trustee to Control Proceedings.* If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties hereunder, whether upon its own discretion, with the consent or at the request of the Bond Insurer or the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it has 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. The Trustee may 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 8.05. *Limitation on Owners' Right to Sue.* No Owner of a Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless:

- (a) said Owner has 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 have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;
- (c) said Owners 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 has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has 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 has 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 provision 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 8.06. *Non-waiver.* Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, affects or impairs the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the Bond Owners when due and payable as herein provided, or affects or impairs the right of action, which is also absolute and unconditional, of the Bond 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 Redevelopment 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.

If a suit, action or proceeding to enforce any right or exercise any remedy is 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 8.07. *Actions by Trustee as Attorney-in-Fact.* Any suit, action or proceeding which any Owner has 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 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, subject to the provisions of Article VI. Notwithstanding the foregoing provisions of this Section, the Trustee has no duty to enforce any such right or remedy unless it has been indemnified to its satisfaction for any additional fees, charges and expenses of the Trustee related thereto, including without limitation, fees and charges of its attorneys and advisors.

SECTION 8.08. *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 or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. *Benefits Limited to Parties.* Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, the Bond Insurer and the Owners, 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 Successor Agency shall be for the sole and exclusive benefit of the Trustee, the Bond Insurer and the Owners. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency, the Bond Insurer 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, the Bond Insurer or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 9.02. *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 binds and inures to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 9.03. *Defeasance of Bonds.* If the Successor Agency pays and discharges all or a portion of the Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

- (b) by irrevocably depositing with the Trustee or an escrow bank, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under this Indenture, in the opinion or report of an Independent Accountant is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;
- (c) by irrevocably depositing with the Trustee or an escrow bank, Federal Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or
- (d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, then, at the election of the Successor Agency evidenced by a Certificate of the Successor Agency filed with the Trustee, and notwithstanding that any such Bonds have not been surrendered for payment, the pledge of the 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 such Bonds shall cease and terminate, except only:

- (a) the obligation of the Trustee to transfer and exchange Bonds hereunder,
- (b) the obligation of the Successor Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and
- (c) the obligations of the Successor Agency to compensate and indemnify the Trustee under Section 6.06.

The Successor Agency must file notice of such election with the Trustee. The Trustee shall pay any funds thereafter held by it, which are not required for said purpose, to the Successor Agency.

In the case of a defeasance or payment of all of the Bonds Outstanding in accordance with this Section, the Trustee shall pay all amounts held by it in any funds or accounts hereunder, which are not required for said purpose or for payment of amounts due the Trustee under Section 6.06, to the Successor Agency.

Notwithstanding the foregoing provisions of this Section, in the event that the principal, interest and premium (if any) on by the Bonds are paid by the Bond Insurer under the Bond Insurance Policy or the Reserve Policy, the obligations of the Trustee and the Successor Agency shall continue in full force and effect and the Bond Insurer

shall be fully subrogated to the rights of all Owners of the Bonds so paid. In addition, the obligations of the Trustee and the Successor Agency hereunder shall continue in full force and effect, and shall not be terminated, until such time as the Successor Agency shall have paid all amounts (if any) as shall be due and owing to the Bond Insurer under the Bond Insurance Policy and the Reserve Policy; and the Trustee shall not distribute any funds to the Successor Agency under the preceding paragraph unless the Successor Agency shall have certified to the Trustee that there are no obligations then due and owing by the Successor Agency to the Bond Insurer under the Bond Insurance Policy and the Reserve Policy.

SECTION 9.04. *Execution of Documents and Proof of Ownership by Owners.* Any request, consent, 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, consent, 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 are conclusively proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond binds 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 9.05. *Waiver of Personal Liability.* No member, officer, agent or employee of the Successor Agency is 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 9.06. *Destruction of Canceled Bonds.* Whenever in this Indenture provision is made for the surrender to the Successor Agency of any Bonds which have been paid or canceled under the provisions of this Indenture, 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 Successor Agency is entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to. The Successor Agency will pay all costs of any microfilming of Bonds to be destroyed.

SECTION 9.07. *Notices.* All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile

transmission or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The Successor Agency or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Successor Agency: City of Fullerton
303 West Commonwealth Avenue
Fullerton, California 92832
Attention: Executive Director
Fax: (714) 738-3168

If to the Trustee: U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust Services
Ref: Fullerton SA Merged 2015 TARBs
Fax: (213) 615-6199

SECTION 9.08. *Partial Invalidity.* If any Section, paragraph, sentence, clause or phrase of this Indenture is for any reason held illegal, invalid or unenforceable, such holding will not affect the validity of the remaining portions of this Indenture. The Successor Agency and the Trustee hereby declare that they would have entered into 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.

SECTION 9.09. *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 years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two 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 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 9.10. *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.

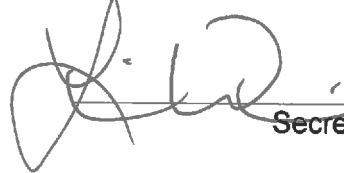
SECTION 9.11. *Third-Party Beneficiary.* The Bond Insurer shall be deemed to be a third-party beneficiary of this Indenture, with all rights of a third-party beneficiary. The Bond Insurer may enforce the provisions of this Indenture as if it were a party hereto.

SECTION 9.12. *Governing Law.* This Indenture shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY has caused this Indenture to be signed in its name by its Executive Director and attested to by its Secretary, 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 thereunto duly authorized, all as of the day and year first above written.

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT
AGENCY**

By  _____
Executive Director

Attest:
 _____
Secretary

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

By _____
Authorized Officer

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY has caused this Indenture to be signed in its name by its Executive Director and attested to by its Secretary, 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 thereunto duly authorized, all as of the day and year first above written.

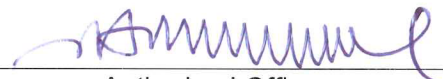
**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT
AGENCY**

By _____
Executive Director

Attest:

Secretary

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

By  _____
Authorized Officer

APPENDIX A

DEFINITIONS

“Authority” means the City of Fullerton Public Financing Authority, a joint powers agency organized and existing under the laws of the State of California.

“Bond Counsel” means Jones Hall, A Professional Law Corporation, or any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Insurance Policy” means the policy of municipal bond insurance policy issued by the Bond Insurer which insures the payment when due of principal of and interest on the Insured Bonds.

“Bond Insurer” means Build America Mutual Assurance Company, its successors and assigns, as issuer of the Bond Insurance Policy and the Reserve Policy.

“Bond Year” means any twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive; except that the first Bond Year begins on the Closing Date and ends on September 1, 2015.

“Bonds” means the Successor Agency To The Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area 2015 Tax Allocation Refunding Bonds issued by the Successor Agency in the aggregate principal amount of \$11,975,000 under the Redevelopment Law and this Indenture.

“Business Day” means a day of the year (other than a Saturday or Sunday) on which banks in California are not required or permitted to be closed, and on which the New York Stock Exchange is open.

“Certificate of the Successor Agency” means a certificate in writing signed by the Executive Director or the Director of Administrative Services of the Successor Agency, or any other officer of the Successor Agency and duly authorized by the Successor Agency for that purpose.

“City” means the City of Fullerton, a municipal corporation organized and existing under the laws of the State of California.

“Closing Date” means February 10, 2015, being the date on which the Bonds e delivered to the Original Purchaser by the Trustee on behalf of the Successor Agency.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds and the refunding of the 1998 Reimbursement Obligations, including but not limited to: staff and administrative costs of the Successor Agency; printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee, the 1998 Authority Bond Trustee and their respective counsel, including the Trustee’s first annual administrative fee; fees, charges and

disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; Bond Insurance Policy and Reserve Policy premiums; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds and the current refunding of the 1998 Reimbursement Obligations and the 1998 Authority Bonds.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee under Section 3.03.

“County” means the County of Orange, a county duly organized and existing under the Constitution and laws of the State of California.

“Debt Service Fund” means the fund by that name which is established and held by the Trustee under Section 4.03.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.04.

“Depository System Participant” means any participant in the Depository’s book-entry system.

“Dissolution Act” means (a) Assembly Bill X1 26, signed by the Governor of the State of California on June 28, 2011, and filed with the Secretary of State of California on June 29, 2011, including as a part thereof, Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of the Redevelopment Law, and (b) Assembly Bill No. 1484, signed by the Governor of the State of California on June 27, 2012, and filed with the Secretary of State of California on June 27, 2012.

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

“Escrow Agreement” means, collectively, the Escrow Agreement dated as of the Closing Date, between the Successor Agency and U.S. Bank National Association, as escrow agent, relating to the deposit and application of the proceeds of the Bonds and other funds to pay and discharge the 1998 Reimbursement Obligations and the 1998 Authority Bonds.

“Event of Default” means any of the events described in Section 8.01.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Successor Agency as its official fiscal year period under a Certificate of the Successor Agency filed with the Trustee.

“Former Agency” means the Fullerton Redevelopment Agency, a public body corporate and politic duly organized and existing under the Redevelopment Law and dissolved in accordance with the Dissolution Act.

“Indenture” means this Indenture of Trust between the Successor Agency and the Trustee, as amended or supplemented from time to time under any Supplemental Indenture entered into under the provisions hereof.

“Independent 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 or acceptable to the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) 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.

“Insured Bonds” means the Bonds maturing on September 1 in each of the years 2019 through 2024, inclusive, and March 1, 2025.

“Interest Account” means the account by that name established and held by the Trustee under Section 4.03(a).

“Interest Payment Date” means March 1, 2016, and each March 1 and September 1 thereafter so long as any of the Bonds remain unpaid.

“Late Payment Rate” means the lesser of: (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as the Bond Insurer, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to the Bond Insurer shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Merged Project Area” means the project area described in the Redevelopment Plan.

“1998 Authority Bond Trustee” means U.S. Bank National Association, its successors and assigns, as trustee for the 1998 Authority Bonds.

“1998 Authority Bonds” means the City of Fullerton Public Financing Authority 1998 Revenue Bonds which have been issued by the Authority in the aggregate original principal amount of \$24,539,455 under an Indenture of Trust dated as of July 1, 1998, between the Authority and the 1998 Authority Bond Trustee.

“1998 Financing Agreement” means the Financing Agreement dated as of July 1, 1998, between the Former Agency and the City, under which the Former Agency has previously incurred the 1998 Reimbursement Obligations.

“1998 Reimbursement Obligations” means the obligations of the Former Agency under Section 2 of the 1998 Financing Agreement to reimburse the City for lease payments which the City is obligated to make under that certain Lease Agreement dated as of July 1, 1998, between the City and the Authority.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in Section 9.07, or at such other or additional offices as may be specified by the Trustee in writing to the Successor Agency; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

“Original Purchaser” means Stern Brothers & Co., as original purchaser of the Bonds on the Closing Date.

“Outstanding”, when used as of any particular time with reference to Bonds, means all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

“Owner” means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the issuer itself): (i) certificates of beneficial ownership of the Farmers Home Administration; (ii) Federal Housing Administration debentures; (iii) participation certificates of the General Services Administration; (iv) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public

housing notes and bonds of the U.S. Department of Housing and Urban Development.

- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the issuer itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System.
- (d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.
- (e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P, which collateral must be held by a third party and provided that the Trustee must have a perfected first security interest in such collateral.
- (f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation.
- (g) Commercial paper rated "A-1+" or better by S&P at the time of purchase.
- (h) Bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by such agencies.

- (i) Deposit accounts, federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A-1+” by S&P.
- (j) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

“Plan Limitations” means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Revenues which may be outstanding at any time, (b) the aggregate amount of taxes which may be divided and allocated to the Successor Agency under the Redevelopment Plan, and (c) the period of time for establishing or incurring indebtedness payable from Tax Revenues.

“Principal Account” means the account by that name established and held by the Trustee under Section 4.03(b).

“Recognized Obligation Payment Schedule” means the schedule by that name prepared in accordance with the requirements of Section 34177(l) of the Redevelopment Law.

“Record Date” means, with respect to any Interest Payment Date, the close of business on the 15th calendar day of the month preceding such Interest Payment Date, whether or not such 15th calendar day is a Business Day.

“Redemption Account” means the account by that name established and held by the Trustee under Section 4.03(d).

“Redevelopment Plan” means the redevelopment plan for the 2006 Fullerton Redevelopment Project Area Merger and Amendment, approved by Ordinance No. 3082, adopted by the City Council of the City on December 19, 2006, as amended by Ordinance No. 3130, adopted on July 14, 2009, together with all other amendments thereof duly authorized under the Redevelopment Law.

“Redevelopment Obligation Retirement Fund” means the fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the Redevelopment Law.

“Redevelopment Project” means the undertaking of the Successor Agency under the Redevelopment Plan and the Redevelopment Law for the redevelopment of the Merged Project Area.

“Redevelopment Property Tax Trust Fund” means the fund established under Section 34170.5(b) of the Redevelopment Law and administered by the Orange County Auditor-Controller.

“Refunding Bond Law” means Article 11 (commencing with Section 53580) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, and the acts amendatory thereof and supplemented thereto.

“Registration Books” means the records maintained by the Trustee under Section 2.06 for the registration and transfer of ownership of the Bonds.

“Request of the Successor Agency” means a request in writing signed by the Executive Director or the Director of Administrative Services of the Successor Agency, or any other officer of the Successor Agency and duly authorized by the Successor Agency for that purpose.

“Reserve Account” means the account by that name established and held by the Trustee under Section 4.03(c).

“Reserve Requirement” means an amount equal to \$1,197,500.00.

“Reserve Policy” means the Municipal Bond Debt Service Reserve Policy issued by the Bond Insurer on the Closing Date for the credit of the Reserve Account in the amount of the Reserve Requirement.

“S&P” means Standard & Poor’s Corporation, of New York, New York, and its successors.

“Securities Depositories” means DTC and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Request of the Successor Agency delivered by the Successor Agency to the Trustee.

“Semiannual Period” means (a) each six-month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and (b) each six-month period beginning on July 1 of any calendar year and ending on December 31 of such calendar year.

“Successor Agency” means the Successor Agency to the Fullerton Redevelopment Agency, a public entity duly organized and existing under the Law.

“Supplemental Indenture” means any indenture, agreement or other instrument which amends, supplements or modifies this Indenture and which has been duly entered into between the Successor Agency and the Trustee; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Tax Revenues” means amounts deposited from time to time in the Redevelopment Property Tax Trust Fund in accordance with Section 34183(a)(2) of the

Redevelopment Law, which amounts are derived from property tax revenues (formerly, tax increment) allocated with respect to the Merged Project Area.

“Trustee” means U.S. Bank National Association, as Trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

“2005 Loan Agreements” means, collectively, the following:

- (a) Loan Agreement dated as of December 1, 2005, among the Authority, the Former Agency and the Trustee, under which the Authority has made a loan to the Former Agency in the aggregate principal amount of \$18,090,000 for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the Orangefair Redevelopment Project;
- (b) Loan Agreement dated as of December 1, 2005, among the Authority, the Former Agency and the Trustee, under which the Authority has made a loan to the Former Agency in the aggregate principal amount of \$30,485,000 for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the Central Fullerton Redevelopment Project; and
- (c) Loan Agreement dated as of December 1, 2005, among the Authority, the Former Agency and the Trustee, under which the Authority has made a loan to the Former Agency in the aggregate principal amount of \$26,025,000 for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the East Fullerton Redevelopment Project.

“2005 Loans” means, collectively, the loans made to the Former Agency under the 2005 Loan Agreements.

“2010 Bond Indenture” means the Indenture of Trust dated as of October 1, 2010, between the Former Agency and U.S. Bank National Association, as trustee for the 2010 Bonds.

“2010 Bonds” means the Fullerton Redevelopment Agency 2010 Taxable Tax Allocation Housing Bonds which have been issued by the Former Agency in the aggregate principal amount of \$28,980,000 under the 2010 Bond Indenture.

Minnesota, or such other place as designated by the Trustee. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Bonds which written request is on file with the Trustee prior to the Record Date immediately preceding any Interest Payment Date, interest on such Bonds shall be paid on such Interest Payment Date by wire transfer to such account within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the "Successor Agency To The Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area 2015 Tax Allocation Refunding Bonds" (the "Bonds") of an aggregate principal amount of \$11,975,000, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities or interest rates) and all issued under the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Bond Law"), and under an Indenture of Trust dated as of February 1, 2015, between the Successor Agency and the Trustee (the "Indenture"). The Bonds have been authorized to be issued by the Successor Agency under resolutions of the Successor Agency adopted on August 6, 2014, and on December 16, 2014. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all supplements thereto and to the Refunding Bond 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 Indenture, and the rights thereunder of the 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 the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency to refinance certain indebtedness previously incurred by the former Fullerton Redevelopment Agency under 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 (the "Redevelopment Law") in connection with the Merged Fullerton Redevelopment Project Area in the City of Fullerton, California (the "Merged Project Area"), a duly designated redevelopment project area under the laws of the State of California.

This Bond and the interest hereon are payable from, and are secured by a charge and lien on the Tax Revenues derived by the Successor Agency from the Merged Project Area. As and to the extent set forth in the Indenture, all of the Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest and redemption premium (if any) on the Bonds. Notwithstanding the foregoing, certain amounts out of Tax Revenues may be applied for other purposes as provided in the Indenture.

This Bond is not a debt of the City of Fullerton, 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 the Tax Revenues.

The rights and obligations of the Successor Agency 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 Indenture, but no such modification or amendment shall permit a change in the terms of maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the owners required to effect any such modification or amendment.

The Bonds maturing on or before September 1, 2022, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after September 1, 2023, are subject to redemption in whole, or in part at the written request of the Successor Agency among maturities on such basis as shall be designated by the Successor Agency and by lot within a maturity, at the option of the Successor Agency, on any date on or after September 1, 2022, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

As provided in the Indenture, the Trustee is required to mail notice of redemption of any Bonds by first class mail, postage prepaid, not less than 30 nor more than 60 days before the redemption date, to the registered owners of the Bonds to be redeemed, but neither failure to receive such notice nor any defect in the notice so mailed affects the sufficiency of the proceedings for prepayment or the cessation of accrual of interest thereon. Any notice so given by the Trustee may be rescinded under the circumstances and with the effect set forth in the Indenture. If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest hereon will cease to accrue from and after the date fixed for redemption.

If an Event of Default occurs under and as defined in the Indenture, 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.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said corporate trust office of the Trustee in Los Angeles, California, or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new 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.

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, form and manner as required by 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 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 is not entitled to any benefit under the Indenture and is not valid or obligatory for any purpose until the certificate of authentication hereon endorsed has been signed by the Trustee.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director, and has caused this Bond to be attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT
AGENCY**

By _____
Chair

Attest:

Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated:

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

By _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby _____ irrevocably constitute(s) _____ and _____ appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature 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.

APPENDIX C

PROVISIONS RELATING TO THE BOND INSURANCE POLICY

The following terms and provisions are hereby incorporated into this Indenture by this reference. Such provisions shall control and supersede any conflicting or inconsistent provisions in this Indenture.

1. Notice and Other Information to be given to the Bond Insurer. The Successor Agency will provide the Bond Insurer with all notices and other information it is obligated to provide to the holders of Bonds or the Trustee under this Indenture. The Successor Agency will also provide to the Bond Insurer all notices filed under the Continuing Disclosure Certificate relating to the Bonds, but only if the Bond Insurer is not able to receive automatic notifications of such filings from the system which is maintained by the Municipal Securities Rulemaking Board with respect to such filings. The notice address of the Bond Insurer is:

Build America Mutual Assurance Company
200 Liberty Street, 27th Floor
New York, New York 10281
Attention: Surveillance, Re: Policy No. 2013B0290
Telephone: (212) 235-2500
Telecopier: (212) 235-1542
Email: notices@buildamerica.com

In each case in which notice or other communication refers to an event of default or a claim on the Bond Insurance Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

2. Defeasance. The investments in any defeasance escrow for the Insured Bonds shall be limited to noncallable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or otherwise be approved by the Bond Insurer.

At least five Business Days prior to any defeasance, the Successor Agency shall deliver to the Bond Insurer copies of an escrow agreement, opinions regarding the validity and enforceability of the escrow agreement, a verification report (a "Verification Report") of a nationally recognized independent financial analyst or firm of certified public accountants regarding sufficiency of the escrow and a defeasance legal opinion. Such opinions and Verification Report shall be addressed to the Bond Insurer and shall be in form and substance satisfactory to the Bond Insurer. In addition, the escrow agreement shall provide that:

- (a) Any substitution of securities shall require the delivery of a Verification Report, an opinion of Bond Counsel that such substitution will not adversely affect the exclusion (if interest on the Bonds is excludable) from gross income of the holders of the Bonds of the interest on the Bonds for federal income tax purposes and the prior written consent of the Bond Insurer.
- (b) The Successor Agency will not exercise any prior 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 to any such redemption there shall be provided to the Bond Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.
- (c) The Successor Agency 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 the Bond Insurer.

3. Trustee.

(a) The Bond Insurer shall receive prior written notice of any name change of the Trustee or the resignation or removal of the Trustee. Any Trustee must be (i) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (ii) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (iii) otherwise approved by the Bond Insurer in writing.

(b) No removal, resignation or termination of the Trustee shall take effect until a successor, acceptable to the Bond Insurer, shall be qualified and appointed.

4. Amendments, Supplements and Consents. The Bond Insurer's prior written consent is required for all amendments and supplements to this Indenture, with the exceptions noted below. The Successor Agency shall send copies of any such amendments or supplements to the Bond Insurer and the rating agencies which have assigned a rating to the Insured Bonds.

- (a) *Consent of the Bond Insurer.* Any amendments or supplements to this Indenture shall require the prior written consent of the Bond Insurer with the exception of amendments or supplements:
 - (i) to cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in this Indenture or in any supplement hereto, or

- (ii) to grant or confer upon the Bondholders any additional rights, remedies, powers authority or security that may lawfully be granted to or conferred upon the Bondholders, or
 - (iii) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the transaction documents other conditions, limitations and restrictions thereafter to be observed or
 - (iv) to add to the covenants and agreements of the Successor Agency in this Indenture other covenants and agreements thereafter to be observed by the Successor Agency or to surrender any right or power therein reserved to or conferred upon the Successor Agency.
- (b) *Consent of the Bond Insurer in Addition to Bondholder Consent.* Any amendment, supplement, modification to, or waiver of, this Indenture that requires the consent of holders of the Insured Bonds or adversely affects the rights or interests of the Bond Insurer shall be subject to the prior written consent of the Bond Insurer.
- (c) *Consent of the Bond Insurer in the Event of Insolvency.* Any reorganization or liquidation plan with respect to the Successor Agency must be acceptable to the Bond Insurer in writing. In the event of any reorganization or liquidation of the Successor Agency, the Bond Insurer shall have the right to vote on behalf of all holders of the Insured Bonds absent a continuing failure by the Bond Insurer to make a payment under the Bond Insurance Policy.
- (d) *Consent of the Bond Insurer Upon Default.* Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Bonds or the Trustee for the benefit of the holders of the Insured Bonds under this Indenture. The Trustee may not waive any default or event of default without the Bond Insurer's written consent.
- (e) *Bond Insurer as Owner.* Upon the occurrence and continuance of a default or an event of default, the Bond Insurer shall be deemed to be the sole owner of the Insured Bonds for all purposes under this Indenture, including, without limitations, for purposes of exercising remedies and approving amendments.
- (f) *Consent of the Bond Insurer for Acceleration.* The Bond Insurer's prior written consent is required as a condition precedent to and in all instances of acceleration.
- (g) *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Insured Bonds.

- (h) *Special Provisions for Insurer Default.* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 5(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, the Bond Insurer has made payment under the Bond Insurance Policy, to the extent of such payment the Bond Insurer shall be treated like any other holder of the Insured Bonds for all purposes, including giving of consents, and (2) if the Bond Insurer has not made any payment under the Bond Insurance Policy, the Bond Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or the Bond Insurer makes a payment under the Bond Insurance Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph (h), "Insurer Default" means: (A) the Bond Insurer has failed to make any payment under the Bond Insurance Policy when due and owing in accordance with its terms; or (B) the Bond Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Bond Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Bond Insurer (including without limitation under the New York Insurance Law).

5. Bond Insurer As Third Party Beneficiary. The Bond Insurer is recognized as and shall be deemed to be a third party beneficiary of this Indenture and may enforce the provisions of this Indenture as if it were a party thereto.

6. Payment Procedure Under the Bond Insurance Policy. In the event that principal and/or interest due on the Insured Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Insured Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Successor Agency to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer 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 Insured Bonds.

In the event that on the second Business Day prior to any payment date on the Insured Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Bonds due on such payment date, the Trustee shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or

electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Bond Insurer or its designee. In addition, if the Trustee has notice that any holder of the Insured Bonds has been required to disgorge payments of principal of or interest on the Insured Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify the Bond Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the Bond Insurer.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Bonds as follows:

- (a) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Bonds, the Trustee shall (i) execute and deliver to the Bond Insurer, in form satisfactory to the Bond Insurer, an instrument appointing the Bond Insurer as agent and attorney-in-fact for such holders of the Insured Bonds in any legal proceeding related to the payment and assignment to the Bond Insurer of the claims for interest on the Insured Bonds, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment from the Bond Insurer with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and
- (b) If there is a deficiency in amounts required to pay principal of the Insured Bonds, the Trustee shall (i) execute and deliver to the Bond Insurer, in form satisfactory to the Bond Insurer, an instrument appointing the Bond Insurer as agent and attorney-in-fact for such holder of the Insured Bonds in any legal proceeding related to the payment of such principal and an assignment to the Bond Insurer of the Insured Bonds surrendered to the Bond Insurer, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment therefore from the Bond Insurer, and (iii) disburse the same to such holders. The Trustee shall designate any portion of payment of principal on Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Bond Insurer, registered in the name directed by the Bond Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any Bond or the subrogation or assignment rights of the Bond Insurer.

Payments with respect to claims for interest on and principal of Bonds disbursed by the Trustee from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the Successor Agency with respect to such Bonds, and the Bond Insurer 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 the preceding paragraphs or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Successor Agency and the Trustee agree for the benefit of the Bond Insurer that:

- (a) They recognize that to the extent the Bond Insurer makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Insured Bonds, the Bond Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Successor Agency, with interest thereon, as provided and solely from the sources stated in the transaction documents and the Insured Bonds; and
- (b) They will accordingly pay to the Bond Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Bonds to holders, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

7. Additional Payments. The Successor Agency agrees unconditionally that it will pay or reimburse the Bond Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the Bond Insurer may pay or incur, including, but not limited to, fees and expenses of the Bond Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of this Indenture ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the Bond Insurer spent in connection with the actions described in the preceding sentence. The Successor Agency agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Bond Insurer until the date the Bond Insurer is paid in full. Notwithstanding anything herein to the contrary, the Successor Agency agrees to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Bond Insurance Policy ("the Bond Insurer Policy Payment"); and (ii) interest on such the Bond Insurer Policy Payments from the date paid by the Bond Insurer until payment thereof in full by the Successor Agency, payable to the Bond Insurer at the Late Payment Rate per annum (collectively, "the Bond Insurer Reimbursement Amounts") compounded semi-annually. The Successor Agency hereby covenants and agrees that the Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the Tax Revenues and payable from such Tax Revenues on a parity with debt service due on the Insured Bonds.

8. Exercise of Rights by the Bond Insurer. The rights granted to the Bond Insurer under this Indenture to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Bond Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Bonds and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the holders of the Insured Bonds or any other person is required in addition to the consent of the Bond Insurer.

9. Entitlement to Payment. The Bond Insurer shall be entitled to pay principal or interest on the Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Successor Agency (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Insured Bonds as a result of acceleration of the maturity thereof in accordance with this Indenture, whether or not the Bond Insurer has received a claim upon the Bond Insurance Policy.

APPENDIX D

PROVISIONS RELATING TO THE RESERVE POLICY

The following terms and provisions are hereby incorporated into this Indenture by this reference. Such provisions shall control and supersede any conflicting or inconsistent provisions in this Indenture.

1. Payment of Draws and Expenses. The Successor Agency shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Bond Insurer). Interest shall accrue and be payable on such draws and expenses from the date of payment by the Bond Insurer at the Late Payment Rate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. All cash and investments in the Reserve Account shall be transferred to the Debt Service Fund for payment of the debt service on the Bonds before any drawing may be made on the Reserve Policy.

2. Draws on Reserve Policy. Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all reserve fund credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other reserve fund credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

3. Limitation. Draws under the Reserve Policy may only be used to make payments on the Bonds.

4. Remedies of Bond Insurer. If the Successor Agency shall fail to pay any Policy Costs in accordance with the requirements of paragraph 1 above, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than (i) acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect owners of the Bonds.

5. Discharge of Indenture. This Indenture shall not be discharged until all Policy Costs owing to the Bond Insurer shall have been paid in full. The Successor Agency's obligation to pay such amount shall expressly survive payment in full of the Bonds.

6. Notice to Bond Insurer. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph 1 of this Appendix and provide notice to the Bond Insurer at least three Business Days prior to each date upon which interest or principal is due on the Bonds.

7. Expiration of Policy. The Reserve Policy shall expire on the earlier of the date the Bonds are no longer Outstanding and the final maturity date of the Bonds.

8. Security Interest. In order to secure the Successor Agency's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Bond Insurer a security interest (subordinate only to that of the Owners of the Bonds) in all revenues and collateral pledged as security for the Bonds.

SAVINGS MEMORANDUM

TO: Orange Countywide Oversight Board

FROM: Urban Futures, Inc.
William Reynolds, Director

DATE: June 25, 2020

RE: Independent Municipal Advisor's Report: Debt Service Savings Analysis for the Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A and 2020B

Background

The Successor Agency to the Fullerton Redevelopment Agency (the "Agency") is authorized under Section 34177.5 of the California Health and Safety Code to issue refunding tax allocation bonds and other indebtedness for economic savings within the parameters set forth in Section 34177.5(a)(1) of the California Health and Safety Code (the "Savings Parameters"). In addition, Section 34177.5(h) of the California Health and Safety Code provides, in relevant part, that the Agency "...shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the Department of Finance at its request." Urban Futures, Inc., has been retained by the Agency to serve as its independent municipal advisor to determine compliance with the Savings Parameters for purposes of the incurrence by the Agency of the 2020 Tax Allocation Bonds (2020 Bonds).

The Agency will issue Tax Allocation Refunding Bonds, Series 2020A and Series 2020B (the "2020 Bonds") to refund the following obligations of the former Redevelopment Agency: the 2005 Orangefair Project Area Loan, 2005 Central Fullerton Project Area Loan, the 2005 East Fullerton Project Area Loan (Together the "2005 Loans") and the Fullerton Redevelopment Agency 2010 Taxable Tax Allocation Housing Bonds (the "2010 Housing TABs" and together with the "2005 Loans" the "Prior Obligations"). The 2005 Loans were issued on a tax-exempt basis and will be refunded on a tax-exempt basis. The 2010 Housing TABs were issued on a taxable basis and will be refunded on a taxable basis. The Prior Obligations are secured by a pledge of Project Area Tax Revenues. The Successor Agency's obligation under the 2020 Bonds will also be secured by a pledge of Project Area Tax Revenues. The revenue pledges are authorized by Section 34177.5(a)(1) of the California Health and Safety Code. This report may be used in presentations to the Agency Board and Oversight Board but actual savings will be final only after the pricing of the 2020 Bonds.

Plan of Refunding

The Agency has selected Stifel, Nicolaus & Company, Incorporated (the "Underwriter") to structure and negotiate the refunding of the Prior Bonds. The financing goal is to maximize economic savings by reducing total debt service.

Based on market conditions as of June 3, 2020, the Underwriter projects the refunding of the Prior Obligations will achieve combined Net Present Value savings of approximately \$6.9 million, or 11.8% of refunded par, as shown in Table 2. The Underwriter's estimates include the following key assumptions: (i)

2020 Bonds will be issued on parity with the Agency’s outstanding 2015 TABs; (ii) all of the outstanding Prior Obligations will be refunded, (iii) an underlying rating of “A” is assigned by S&P to the 2020 Bonds, (iv) the use of bond insurance and a reserve surety in lieu of a cash funded reserve fund, (v) a public market negotiated sale of the 2020 Bonds, and (vi) a tax-exempt refunding of the 2005 Loans and a taxable refunding of the 2010 Housing TABs. The savings generated from this refunding are anticipated to result in higher future property tax distributions to the taxing entities, including the City of Fullerton. Table 1 below provides the estimated percentage share of savings and total nominal cash flow savings over the life of the indebtedness for each of the affected taxing entities.

Table 1: Affected Taxing Entities Estimated Share of Savings		
	% Share of Savings	Total Cash Flow Savings
City of Fullerton	15.78%	\$1,639,152
County of Orange	6.12%	\$635,905
O.C. Public Works (Flood Control Dist.)	1.96%	\$204,017
O.C. Parks	1.52%	\$157,700
O.C. Cemetery District	0.00%	\$351
O. C. Mosquito and Vector Control District	0.11%	\$11,543
O. C. Water District	0.79%	\$81,581
O.C. Transportation Authority	0.28%	\$28,952
O.C. Sanitation District	3.01%	\$312,726
Anaheim Elementary School District	0.01%	\$683
Buena Park School District	0.00%	\$0
Fullerton School District	23.53%	\$2,443,745
Anaheim Union High School District	0.00%	\$435
Fullerton Joint Union High School District	18.09%	\$1,879,076
Placentia-Yorba Linda Unified School District	4.89%	\$507,442
North Orange County Community College Dist	6.93%	\$720,023
O.C. Dept. of Education	1.45%	\$150,121
Metropolitan Water District of Southern Cal	0.00%	\$0
ERAF	15.52%	\$1,611,564
Total	100.00%	\$10,385,016

Refunding Results

Table 2 below shows the estimated sources and uses for the 2020 Bonds.

Table 2: Sources and Uses of Funds					
	2005 Central	2005 East	2005 Orangefair	2010 Housing	
Sources:	Fullerton Loan	Fullerton Loan	Loan	TABs	Total
Par Amount	\$ 12,795,000	\$ 13,705,000	\$ 7,615,000	\$ 10,830,000	\$ 44,945,000
Premium	1,897,948	2,055,287	967,067		4,920,302
	<u>\$ 14,692,948</u>	<u>\$ 15,760,287</u>	<u>\$ 8,582,067</u>	<u>\$ 10,830,000</u>	<u>\$ 49,865,302</u>
June 1, 2020 RPTTF Distribution	\$ 2,000,950	\$ 2,221,825	\$ 1,425,222	\$ 2,352,663	\$ 8,000,660
Reserve Account Release				2,860,914	2,860,914
	<u>\$ 2,000,950</u>	<u>\$ 2,221,825</u>	<u>\$ 1,425,222</u>	<u>\$ 5,213,578</u>	<u>\$ 10,861,574</u>
Total Sources of Funds	<u>\$ 16,693,898</u>	<u>\$ 17,982,112</u>	<u>\$ 10,007,289</u>	<u>\$ 16,043,578</u>	<u>\$ 60,726,876</u>
Uses:	2005 Central	2005 East	2005 Orangefair	2010 Bonds	Total
	Fullerton Loan	Fullerton Loan	Loan		
Refunding Escrow Deposit	\$ 16,480,950	\$ 17,751,825	\$ 9,880,222	\$ 15,862,663	\$ 59,975,660
Cost of Issuance	\$ 109,555	\$ 117,347	\$ 65,202	\$ 92,730	\$ 384,835
Surety	35,489	38,013	21,122	30,039	124,663
Municipal Bond Insurance	67,633	72,443	40,252	57,246	237,574
Rounding Amount	270	2,484	491	899	4,144
Total Uses of Funds	<u>\$ 16,693,898</u>	<u>\$ 17,982,112</u>	<u>\$ 10,007,289</u>	<u>\$ 16,043,578</u>	<u>\$ 60,726,876</u>

Tables 3 and 4 below show estimated Net Present Value savings and estimated refunding results as of June 3, 2020 as well as information on the Prior Obligations. Additional information can be found in the attached Refunding Analysis.

Table 3: Net PV Savings Summary						
	2005 Central	2005 East Fullerton	2005 Orangefair	2010 Housing TABs	Total	
	Fullerton Loan	Loan	Loan			
PV of savings from cash flow	\$ 1,964,056	\$ 2,130,590	\$ 980,493	\$ 4,700,550	\$ 9,775,689	
Less: Prior funds on hand				\$ (2,860,914)	\$ (2,860,914)	
Plus: Refunding funds on hand	\$ 270	\$ 2,484	\$ 491	\$ 899	\$ 4,144	
Net PV Savings	\$ 1,964,326	\$ 2,133,074	\$ 980,984	\$ 1,840,535	\$ 6,918,919	
Net PV Savings as % of Refunded Par	12.22%	12.32%	10.18%	11.96%	11.84%	

Table 4: Refunding Bonds and Refunded Obligations Summary						
	2005 Central Fullerton	2005 East Fullerton	2005 Orangefair	2010 Housing	Total	
	Loan	Loan	Loan	TABs		
Refunding Par	\$12,795,000	\$13,705,000	\$7,615,000	\$10,830,000	\$44,945,000	
Refunded Par	\$16,080,000	\$17,320,000	\$9,640,000	\$15,390,000	\$58,430,000	
Average Interest Rate of Refunded Obligations	4.89%	4.89%	4.83%	2.13%	4.31%	
Refunding Bonds True Interest Cost	1.34%	1.38%	1.23%	2.13%	1.49%	
Final Maturity of Refunding/Refunded Obligations	9/1/2027	9/1/2027	9/1/2026	9/1/2026	9/1/2027	
Estimated Redemption Date of Refunded Obligations	9/1/2020	9/1/2020	9/1/2020	9/1/2020	9/1/2020	
Estimated Total Nominal Cash Flow Savings	\$2,097,398	\$2,275,556	\$1,038,599	\$4,973,464	\$10,385,016	

Proposed Refunding Complies With State Law

Based on the 2020 Bonds proposed structure and the projected debt service savings according to numbers prepared by the Underwriter, Urban Futures, Inc. concludes that the 2020 Bonds comply with the Savings Parameters and other requirements of State Law as described below.

A. Total debt service (principal and interest) on the refunding bonds is less than total debt service on the refunded bonds (sec. 34177.5(a)(1)(A)): Section 34177.5(a)(1)(A) requires that the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded. The attached cash flows show projected total nominal debt service savings of approximately \$10.4 million combined, calculated as (i) total debt service on the Prior Bonds, minus (ii) total debt service on the 2020 Bonds. Net Present Value savings are projected to be approximately \$2 million, or 12.2% of refunded par for the 2005 Central Fullerton Loan, \$2.1 million, or 12.3% of refunded par for the 2005 East Fullerton Loan, \$980,000, or 10.2% of refunded par for the 2005 Orangefair Loan, and \$1.8 million or 12% of refunded par for the 2010 Housing TABs. Combined, the Net Present Value savings are projected to be \$6.9 million, or 11.8% of refunded par. The individual and combined Net Present Value savings satisfy the Savings Parameters in Section 34177.5(a)(1) and are well-above the 3% minimum threshold typically targeted by issuers.

B. Refunding bonds principal shall be used only for purposes of refunding outstanding Agency obligations (sec. 34177.5(a)(1)(B)): Section 34177.5(a)(1)(B) requires that the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. Table 1 shows the projected sources and uses of funds for the 2020 Bonds, and confirms that all proceeds of the 2020 Bonds will be used only for purposes associated with refunding the Prior Bonds and

to pay related costs of issuance. No proceeds of the 2020 Bonds will be used for any other purposes, including new-money purposes.

C. Agency shall make diligent efforts to ensure lowest long-term cost financing is obtained, to structure refunding that does not provide for any bullets or spikes or variable rates, and shall hire an independent financial advisor (sec. 34177.5(h)): Section 34177.5(h) requires the Agency to make diligent efforts to ensure that the lowest long-term cost financing is obtained and that the financing not provide for any bullets or spikes or use variable rates. The Agency has retained Urban Futures, Inc., an independent financial advisor registered with the SEC and MSRB, to monitor the pricing of the 2020 Bonds. Under the terms of the existing indenture for the 2015 Bonds, the Successor Agency is permitted to issue refunding bonds secured by Pledged Tax Revenues on a parity with the 2015 Bonds or on a subordinate basis to the 2015 Bonds only. In order to achieve the lowest long-term cost of financing, the 2020 Bonds are secured by Pledged Tax Revenues on parity with the Agency's 2015 Bonds, and the financing team will explore the use of bond insurance and a surety. Issuance of the 2020 Bonds by the Agency for the purpose of refunding the Prior Bonds is recommended to achieve the lowest cost of financing.

In accordance with Section 34177.5(h), the 2020 Bonds will not be structured to include any bullet principal maturities, debt service spikes or variable rate debt.

Appendix: Refunding Analysis

SOURCES AND USES OF FUNDS

Successor Agency to the Fullerton Redevelopment Agency
Merged Fullerton Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2020
(Federally Taxable and Tax-Exempt)

Assumes 'A' Underlying, 'AA' Insured Rates as of June 3, 2020

Dated Date 08/27/2020
Delivery Date 08/27/2020

Sources:	2005 Cental Fullerton Loan (Tax-Exempt)	2005 East Fullerton Loan (Tax-Exempt)	2005 Orangefair Loan (Tax-Exempt)	2010 Housing TABs (Taxable)	Total
Bond Proceeds:					
Par Amount	12,795,000.00	13,705,000.00	7,615,000.00	10,830,000.00	44,945,000.00
Premium	<u>1,897,947.60</u>	<u>2,055,287.10</u>	<u>967,067.10</u>		<u>4,920,301.80</u>
	14,692,947.60	15,760,287.10	8,582,067.10	10,830,000.00	49,865,301.80
Other Sources of Funds:					
June 1 RPTTF Distribution Reserve Account	2,000,950.00	2,221,825.00	1,425,221.88	2,352,663.10	8,000,659.98
	<u>2,000,950.00</u>	<u>2,221,825.00</u>	<u>1,425,221.88</u>	<u>2,860,914.41</u>	<u>2,860,914.41</u>
	2,000,950.00	2,221,825.00	1,425,221.88	5,213,577.51	10,861,574.39
	<u>16,693,897.60</u>	<u>17,982,112.10</u>	<u>10,007,288.98</u>	<u>16,043,577.51</u>	<u>60,726,876.19</u>

Uses:	2005 Cental Fullerton Loan (Tax-Exempt)	2005 East Fullerton Loan (Tax-Exempt)	2005 Orangefair Loan (Tax-Exempt)	2010 Housing TABs (Taxable)	Total
Refunding Escrow Deposits:					
Cash Deposit	16,480,950.00	17,751,825.00	9,880,221.88	15,862,663.10	59,975,659.98
Delivery Date Expenses:					
Cost of Issuance	109,555.32	117,347.06	65,202.33	92,730.29	384,835.00
Surety Reserve (250 bps)	35,489.29	38,013.35	21,121.61	30,039.00	124,663.25
Bond Insurance (45 bps)	<u>67,632.77</u>	<u>72,442.92</u>	<u>40,251.94</u>	<u>57,246.03</u>	<u>237,573.66</u>
	212,677.38	227,803.33	126,575.88	180,015.32	747,071.91
Other Uses of Funds:					
Rounding	270.22	2,483.77	491.22	899.09	4,144.30
	<u>16,693,897.60</u>	<u>17,982,112.10</u>	<u>10,007,288.98</u>	<u>16,043,577.51</u>	<u>60,726,876.19</u>

Notes:

All Numbers are Preliminary and Subject to Change.
Reserve Account Balance of the 2010 TABs (Sources of Funds) Provided by US Bank on May 29, 2020.
Assumes the Agency will Contribute June 1 RPTTF Distribution Amount (Source of Funds) Equal to Sept 1 Payments on the 2005 Loans and 2010 TABs.
Costs of Issuance (Similar to Recent TAB Refinancings), Bond Insurance and Surety Premiums (Provided by a Bond Insurer on June 1) are Estimates.

SUMMARY OF REFUNDING RESULTS

Successor Agency to the Fullerton Redevelopment Agency
Merged Fullerton Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2020
(Federally Taxable and Tax-Exempt)

Assumes 'A' Underlying, 'AA' Insured Rates as of June 3, 2020

	2005 Cental Fullerton Loan (Tax-Exempt)	2005 East Fullerton Loan (Tax-Exempt)	2005 Orangefair Loan (Tax-Exempt)	2010 Housing TABs (Taxable)	Total
Dated Date	08/27/2020	08/27/2020	08/27/2020	08/27/2020	08/27/2020
Delivery Date	08/27/2020	08/27/2020	08/27/2020	08/27/2020	08/27/2020
Arbitrage Yield	1.681375%	1.681375%	1.681375%	1.681375%	1.681375%
Escrow Yield					
Value of Negative Arbitrage					
Bond Par Amount	12,795,000.00	13,705,000.00	7,615,000.00	10,830,000.00	44,945,000.00
True Interest Cost	1.343426%	1.375949%	1.232135%	2.126196%	1.488725%
Net Interest Cost	1.480191%	1.519533%	1.342111%	2.131001%	1.607318%
All-In TIC	1.707146%	1.731284%	1.668492%	2.631938%	1.888229%
Average Coupon	4.889341%	4.886522%	4.830858%	2.131001%	4.307526%
Average Life	4.351	4.454	3.640	3.489	4.054
Duration	4.047	4.138	3.436	3.361	3.818
Par amount of refunded bonds	16,080,000.00	17,320,000.00	9,640,000.00	15,390,000.00	58,430,000.00
Average coupon of refunded bonds	4.996625%	4.996552%	4.994906%	6.345123%	5.308466%
Average life of refunded bonds	3.912	3.978	3.205	3.184	3.623
PV of prior debt	18,459,831.78	19,916,202.20	10,857,243.60	18,044,648.23	67,277,925.81
Net PV Savings	1,964,326.03	2,133,074.11	980,984.07	1,840,534.91	6,918,919.12
Percentage savings of refunded bonds	12.215958%	12.315670%	10.176183%	11.959291%	11.841381%

Note: All Numbers are Preliminary and Subject to Change.

SAVINGS

Successor Agency to the Fullerton Redevelopment Agency
Merged Fullerton Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2020
(Federally Taxable and Tax-Exempt)

Assumes 'A' Underlying, 'AA' Insured Rates as of June 3, 2020

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 08/27/2020 @ 1.6813752%
09/01/2020	8,000,659.98	(8,000,659.98)				
09/01/2021	9,544,018.76		9,544,018.76	7,921,412.18	1,622,606.58	1,599,202.17
09/01/2022	9,548,118.76		9,548,118.76	7,920,879.50	1,627,239.26	1,576,516.43
09/01/2023	9,547,218.76		9,547,218.76	7,916,995.50	1,630,223.26	1,552,509.60
09/01/2024	9,541,437.50		9,541,437.50	7,910,021.50	1,631,416.00	1,527,320.96
09/01/2025	7,635,257.50		7,635,257.50	6,011,875.50	1,623,382.00	1,494,020.93
09/01/2026	10,522,362.50		10,522,362.50	8,896,963.50	1,625,399.00	1,470,456.49
09/01/2027	6,840,750.00		6,840,750.00	6,216,000.00	624,750.00	555,662.66
	71,179,823.76	(8,000,659.98)	63,179,163.78	52,794,147.68	10,385,016.10	9,775,689.23

Savings Summary

PV of savings from cash flow	9,775,689.23
Less: Prior funds on hand	(2,860,914.41)
Plus: Refunding funds on hand	4,144.30
	<hr/>
Net PV Savings	6,918,919.12

Note: All Numbers are Preliminary and Subject to Change.

SOURCES AND USES OF FUNDS

Successor Agency to the Fullerton Redevelopment Agency
2005 Cental Fullerton Loan (Tax-Exempt)

Dated Date 08/27/2020
Delivery Date 08/27/2020

Sources:

Bond Proceeds:	
Par Amount	12,795,000.00
Premium	<u>1,897,947.60</u>
	14,692,947.60

Other Sources of Funds:	
June 1 RPTTF Distribution	2,000,950.00

16,693,897.60

Uses:

Refunding Escrow Deposits:	
Cash Deposit	16,480,950.00

Delivery Date Expenses:	
Cost of Issuance	109,555.32
Surety Reserve (250 bps)	35,489.29
Bond Insurance (45 bps)	<u>67,632.77</u>
	212,677.38

Other Uses of Funds:	
Rounding	270.22

16,693,897.60

Notes:

All Numbers are Preliminary and Subject to Change.

Reserve Account Balance of the 2010 TABs (Sources of Funds) Provided by US Bank on May 29, 2020.

Assumes the Agency will Contribute June 1 RPTTF Distribution Amount (Source of Funds) Equal to Sept 1 Payments on the 2005 Loans and 2010 TABs.

Costs of Issuance (Similar to Recent TAB Refinancings), Bond Insurance and Surety Premiums (Provided by a Bond Insurer on June 1) are Estimates.

BOND PRICING

Successor Agency to the Fullerton Redevelopment Agency
2005 Cental Fullerton Loan (Tax-Exempt)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
2005 Serial Bonds (Tax-Exempt):						
	09/01/2021	1,500,000	3.000%	0.810%	102.200	33,000.00
	09/01/2022	1,555,000	4.000%	0.940%	106.081	94,559.55
	09/01/2023	1,620,000	5.000%	1.030%	111.740	190,188.00
	09/01/2024	1,695,000	5.000%	1.150%	115.049	255,080.55
	09/01/2025	1,775,000	5.000%	1.280%	118.000	319,500.00
	09/01/2026	2,145,000	5.000%	1.460%	120.301	435,456.45
	09/01/2027	2,505,000	5.000%	1.560%	122.761	570,163.05
		12,795,000				1,897,947.60

Dated Date	08/27/2020	
Delivery Date	08/27/2020	
First Coupon	03/01/2021	
Par Amount	12,795,000.00	
Premium	1,897,947.60	
Production	14,692,947.60	114.833510%
Underwriter's Discount		
Purchase Price	14,692,947.60	114.833510%
Accrued Interest		
Net Proceeds	14,692,947.60	

Note: All Numbers are Preliminary and Subject to Change.

BOND SUMMARY STATISTICS

Successor Agency to the Fullerton Redevelopment Agency
2005 Cental Fullerton Loan (Tax-Exempt)

Dated Date	08/27/2020
Delivery Date	08/27/2020
First Coupon	03/01/2021
Last Maturity	09/01/2027
Arbitrage Yield	1.681375%
True Interest Cost (TIC)	1.343426%
Net Interest Cost (NIC)	1.480191%
All-In TIC	1.707146%
Average Coupon	4.889341%
Average Life (years)	4.351
Weighted Average Maturity (years)	4.472
Duration of Issue (years)	4.047
Par Amount	12,795,000.00
Bond Proceeds	14,692,947.60
Total Interest	2,722,002.22
Net Interest	824,054.62
Total Debt Service	15,517,002.22
Maximum Annual Debt Service	2,630,250.00
Average Annual Debt Service	2,213,201.58
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
<hr/>	
Total Underwriter's Discount	
Bid Price	114.833510

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
2005 Serial Bonds (Tax-Exempt)	12,795,000.00	114.834	4.889%	4.351	5,860.10
	12,795,000.00			4.351	5,860.10

	TIC	All-In TIC	Arbitrage Yield
Par Value	12,795,000.00	12,795,000.00	12,795,000.00
+ Accrued Interest			
+ Premium (Discount)	1,897,947.60	1,897,947.60	1,897,947.60
- Underwriter's Discount			
- Cost of Issuance Expense		(109,555.32)	
- Other Amounts		(103,122.06)	(103,122.06)
Target Value	14,692,947.60	14,480,270.22	14,589,825.54
Target Date	08/27/2020	08/27/2020	08/27/2020
Yield	1.343426%	1.707146%	1.681375%

Note: All Numbers are Preliminary and Subject to Change.

BOND DEBT SERVICE

Successor Agency to the Fullerton Redevelopment Agency
2005 Cental Fullerton Loan (Tax-Exempt)

Dated Date 08/27/2020
Delivery Date 08/27/2020

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2021	1,500,000	3.000%	600,802.22	2,100,802.22
09/01/2022	1,555,000	4.000%	549,200.00	2,104,200.00
09/01/2023	1,620,000	5.000%	487,000.00	2,107,000.00
09/01/2024	1,695,000	5.000%	406,000.00	2,101,000.00
09/01/2025	1,775,000	5.000%	321,250.00	2,096,250.00
09/01/2026	2,145,000	5.000%	232,500.00	2,377,500.00
09/01/2027	2,505,000	5.000%	125,250.00	2,630,250.00
	12,795,000		2,722,002.22	15,517,002.22

Note: All Numbers are Preliminary and Subject to Change.

SUMMARY OF BONDS REFUNDED

Successor Agency to the Fullerton Redevelopment Agency
2005 Cental Fullerton Loan (Tax-Exempt)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Cen Fullerton PA (Tax-Exempt), 2005_CF, SERIAL:					
	09/01/2020	5.000%	1,600,000.00		
	09/01/2021	4.875%	1,680,000.00	09/01/2020	100.000
	09/01/2022	5.000%	1,765,000.00	09/01/2020	100.000
	09/01/2023	5.000%	1,855,000.00	09/01/2020	100.000
	09/01/2024	5.000%	1,940,000.00	09/01/2020	100.000
	09/01/2025	5.000%	2,035,000.00	09/01/2020	100.000
			10,875,000.00		
Cen Fullerton PA (Tax-Exempt), 2005_CF, 2027TERM:					
	09/01/2027	5.000%	5,205,000.00	09/01/2020	100.000
			16,080,000.00		

Note: All Numbers are Preliminary and Subject to Change.

SUMMARY OF REFUNDING RESULTS

Successor Agency to the Fullerton Redevelopment Agency
2005 Cental Fullerton Loan (Tax-Exempt)

Dated Date	08/27/2020
Delivery Date	08/27/2020
Arbitrage yield	1.681375%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	12,795,000.00
True Interest Cost	1.343426%
Net Interest Cost	1.480191%
All-In TIC	1.707146%
Average Coupon	4.889341%
Average Life	4.351
Duration	4.047
Par amount of refunded bonds	16,080,000.00
Average coupon of refunded bonds	4.996625%
Average life of refunded bonds	3.912
PV of prior debt to 08/27/2020 @ 1.681375%	18,459,831.78
Net PV Savings	1,964,326.03
Percentage savings of refunded bonds	12.215958%

Note: All Numbers are Preliminary and Subject to Change.

SAVINGS

Successor Agency to the Fullerton Redevelopment Agency
2005 Cental Fullerton Loan (Tax-Exempt)

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 08/27/2020 @ 1.6813752%
09/01/2020	2,000,950.00	(2,000,950.00)				
09/01/2021	2,401,900.00		2,401,900.00	2,100,802.22	301,097.78	296,516.44
09/01/2022	2,405,000.00		2,405,000.00	2,104,200.00	300,800.00	291,208.84
09/01/2023	2,406,750.00		2,406,750.00	2,107,000.00	299,750.00	285,271.09
09/01/2024	2,399,000.00		2,399,000.00	2,101,000.00	298,000.00	278,851.92
09/01/2025	2,397,000.00		2,397,000.00	2,096,250.00	300,750.00	276,703.17
09/01/2026	2,675,250.00		2,675,250.00	2,377,500.00	297,750.00	269,346.60
09/01/2027	2,929,500.00		2,929,500.00	2,630,250.00	299,250.00	266,157.75
	19,615,350.00	(2,000,950.00)	17,614,400.00	15,517,002.22	2,097,397.78	1,964,055.81

Savings Summary

PV of savings from cash flow	1,964,055.81
Plus: Refunding funds on hand	270.22
	<hr/>
Net PV Savings	1,964,326.03

Note: All Numbers are Preliminary and Subject to Change.

SOURCES AND USES OF FUNDS

Successor Agency to the Fullerton Redevelopment Agency
2005 East Fullerton Loan (Tax-Exempt)

Dated Date 08/27/2020
Delivery Date 08/27/2020

Sources:

Bond Proceeds:	
Par Amount	13,705,000.00
Premium	<u>2,055,287.10</u>
	15,760,287.10

Other Sources of Funds:	
June 1 RPTTF Distribution	2,221,825.00

17,982,112.10

Uses:

Refunding Escrow Deposits:	
Cash Deposit	17,751,825.00

Delivery Date Expenses:	
Cost of Issuance	117,347.06
Surety Reserve (250 bps)	38,013.35
Bond Insurance (45 bps)	<u>72,442.92</u>
	227,803.33

Other Uses of Funds:	
Rounding	2,483.77

17,982,112.10

Notes:

All Numbers are Preliminary and Subject to Change.

Reserve Account Balance of the 2010 TABs (Sources of Funds) Provided by US Bank on May 29, 2020.

Assumes the Agency will Contribute June 1 RPTTF Distribution Amount (Source of Funds) Equal to Sept 1 Payments on the 2005 Loans and 2010 TABs.

Costs of Issuance (Similar to Recent TAB Refinancings), Bond Insurance and Surety Premiums (Provided by a Bond Insurer on June 1) are Estimates.

BOND PRICING

Successor Agency to the Fullerton Redevelopment Agency
2005 East Fullerton Loan (Tax-Exempt)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
2005 Serial Bonds (Tax-Exempt):						
	09/01/2021	1,690,000	3.000%	0.810%	102.200	37,180.00
	09/01/2022	1,745,000	4.000%	0.940%	106.081	106,113.45
	09/01/2023	1,810,000	5.000%	1.030%	111.740	212,494.00
	09/01/2024	1,900,000	5.000%	1.150%	115.049	285,931.00
	09/01/2025	95,000	5.000%	1.280%	118.000	17,100.00
	09/01/2026	3,050,000	5.000%	1.460%	120.301	619,180.50
	09/01/2027	3,415,000	5.000%	1.560%	122.761	777,288.15
		13,705,000				2,055,287.10

Dated Date	08/27/2020	
Delivery Date	08/27/2020	
First Coupon	03/01/2021	
Par Amount	13,705,000.00	
Premium	2,055,287.10	
Production	15,760,287.10	114.996622%
Underwriter's Discount		
Purchase Price	15,760,287.10	114.996622%
Accrued Interest		
Net Proceeds	15,760,287.10	

Note: All Numbers are Preliminary and Subject to Change.

BOND SUMMARY STATISTICS

Successor Agency to the Fullerton Redevelopment Agency
2005 East Fullerton Loan (Tax-Exempt)

Dated Date	08/27/2020
Delivery Date	08/27/2020
First Coupon	03/01/2021
Last Maturity	09/01/2027
Arbitrage Yield	1.681375%
True Interest Cost (TIC)	1.375949%
Net Interest Cost (NIC)	1.519533%
All-In TIC	1.731284%
Average Coupon	4.886522%
Average Life (years)	4.454
Weighted Average Maturity (years)	4.590
Duration of Issue (years)	4.138
Par Amount	13,705,000.00
Bond Proceeds	15,760,287.10
Total Interest	2,982,844.44
Net Interest	927,557.34
Total Debt Service	16,687,844.44
Maximum Annual Debt Service	3,585,750.00
Average Annual Debt Service	2,380,199.68
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
<hr/>	
Total Underwriter's Discount	
Bid Price	114.996622

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
2005 Serial Bonds (Tax-Exempt)	13,705,000.00	114.997	4.887%	4.454	6,407.50
	13,705,000.00			4.454	6,407.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	13,705,000.00	13,705,000.00	13,705,000.00
+ Accrued Interest			
+ Premium (Discount)	2,055,287.10	2,055,287.10	2,055,287.10
- Underwriter's Discount			
- Cost of Issuance Expense		(117,347.06)	
- Other Amounts		(110,456.27)	(110,456.27)
Target Value	15,760,287.10	15,532,483.77	15,649,830.83
Target Date	08/27/2020	08/27/2020	08/27/2020
Yield	1.375949%	1.731284%	1.681375%

Note: All Numbers are Preliminary and Subject to Change.

BOND DEBT SERVICE

Successor Agency to the Fullerton Redevelopment Agency
2005 East Fullerton Loan (Tax-Exempt)

Dated Date 08/27/2020
Delivery Date 08/27/2020

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2021	1,690,000	3.000%	641,044.44	2,331,044.44
09/01/2022	1,745,000	4.000%	583,300.00	2,328,300.00
09/01/2023	1,810,000	5.000%	513,500.00	2,323,500.00
09/01/2024	1,900,000	5.000%	423,000.00	2,323,000.00
09/01/2025	95,000	5.000%	328,000.00	423,000.00
09/01/2026	3,050,000	5.000%	323,250.00	3,373,250.00
09/01/2027	3,415,000	5.000%	170,750.00	3,585,750.00
	13,705,000		2,982,844.44	16,687,844.44

Note: All Numbers are Preliminary and Subject to Change.

SUMMARY OF BONDS REFUNDED

Successor Agency to the Fullerton Redevelopment Agency
2005 East Fullerton Loan (Tax-Exempt)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
East Fullerton PA (Tax-Exempt), 2005_EAS, SERIAL:					
	09/01/2020	5.000%	1,790,000.00		
	09/01/2021	4.875%	1,880,000.00	09/01/2020	100.000
	09/01/2022	5.000%	1,970,000.00	09/01/2020	100.000
	09/01/2023	5.000%	2,065,000.00	09/01/2020	100.000
	09/01/2024	5.000%	2,170,000.00	09/01/2020	100.000
	09/01/2025	5.000%	<u>375,000.00</u>	09/01/2020	100.000
			10,250,000.00		
East Fullerton PA (Tax-Exempt), 2005_EAS, 2027TERM:					
	09/01/2027	5.000%	7,070,000.00	09/01/2020	100.000
			<u>17,320,000.00</u>		

Note: All Numbers are Preliminary and Subject to Change.

SUMMARY OF REFUNDING RESULTS

Successor Agency to the Fullerton Redevelopment Agency
2005 East Fullerton Loan (Tax-Exempt)

Dated Date	08/27/2020
Delivery Date	08/27/2020
Arbitrage yield	1.681375%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	13,705,000.00
True Interest Cost	1.375949%
Net Interest Cost	1.519533%
All-In TIC	1.731284%
Average Coupon	4.886522%
Average Life	4.454
Duration	4.138
Par amount of refunded bonds	17,320,000.00
Average coupon of refunded bonds	4.996552%
Average life of refunded bonds	3.978
PV of prior debt to 08/27/2020 @ 1.681375%	19,916,202.20
Net PV Savings	2,133,074.11
Percentage savings of refunded bonds	12.315670%

Note: All Numbers are Preliminary and Subject to Change.

SAVINGS

Successor Agency to the Fullerton Redevelopment Agency
2005 East Fullerton Loan (Tax-Exempt)

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 08/27/2020 @ 1.6813752%
09/01/2020	2,221,825.00	(2,221,825.00)				
09/01/2021	2,654,150.00		2,654,150.00	2,331,044.44	323,105.56	318,202.58
09/01/2022	2,652,500.00		2,652,500.00	2,328,300.00	324,200.00	313,868.15
09/01/2023	2,649,000.00		2,649,000.00	2,323,500.00	325,500.00	309,778.03
09/01/2024	2,650,750.00		2,650,750.00	2,323,000.00	327,750.00	306,688.20
09/01/2025	747,250.00		747,250.00	423,000.00	324,250.00	298,325.42
09/01/2026	3,698,500.00		3,698,500.00	3,373,250.00	325,250.00	294,223.04
09/01/2027	3,911,250.00		3,911,250.00	3,585,750.00	325,500.00	289,504.92
	21,185,225.00	(2,221,825.00)	18,963,400.00	16,687,844.44	2,275,555.56	2,130,590.34

Savings Summary

PV of savings from cash flow	2,130,590.34
Plus: Refunding funds on hand	2,483.77
	<hr/>
Net PV Savings	2,133,074.11

Note: All Numbers are Preliminary and Subject to Change.

SOURCES AND USES OF FUNDS

Successor Agency to the Fullerton Redevelopment Agency
2005 Orangefair Loan (Tax-Exempt)

Dated Date 08/27/2020
Delivery Date 08/27/2020

Sources:

Bond Proceeds:	
Par Amount	7,615,000.00
Premium	967,067.10
	<u>8,582,067.10</u>

Other Sources of Funds:	
June 1 RPTTF Distribution	1,425,221.88
	<u>10,007,288.98</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	9,880,221.88
Delivery Date Expenses:	
Cost of Issuance	65,202.33
Surety Reserve (250 bps)	21,121.61
Bond Insurance (45 bps)	40,251.94
	<u>126,575.88</u>

Other Uses of Funds:	
Rounding	491.22
	<u>10,007,288.98</u>

Notes:

All Numbers are Preliminary and Subject to Change.

Reserve Account Balance of the 2010 TABs (Sources of Funds) Provided by US Bank on May 29, 2020.

Assumes the Agency will Contribute June 1 RPTTF Distribution Amount (Source of Funds) Equal to Sept 1 Payments on the 2005 Loans and 2010 TABs.

Costs of Issuance (Similar to Recent TAB Refinancings), Bond Insurance and Surety Premiums (Provided by a Bond Insurer on June 1) are Estimates.

BOND PRICING

Successor Agency to the Fullerton Redevelopment Agency
2005 Orangefair Loan (Tax-Exempt)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
2005 Serial Bonds (Tax-Exempt):						
	09/01/2021	1,145,000	3.000%	0.810%	102.200	25,190.00
	09/01/2022	1,180,000	4.000%	0.940%	106.081	71,755.80
	09/01/2023	1,225,000	5.000%	1.030%	111.740	143,815.00
	09/01/2024	1,290,000	5.000%	1.150%	115.049	194,132.10
	09/01/2025	1,355,000	5.000%	1.280%	118.000	243,900.00
	09/01/2026	1,420,000	5.000%	1.460%	120.301	288,274.20
	09/01/2027		5.000%	1.560%	122.761	
		7,615,000				967,067.10

Dated Date	08/27/2020	
Delivery Date	08/27/2020	
First Coupon	03/01/2021	
Par Amount	7,615,000.00	
Premium	967,067.10	
Production	8,582,067.10	112.699502%
Underwriter's Discount		
Purchase Price	8,582,067.10	112.699502%
Accrued Interest		
Net Proceeds	8,582,067.10	

Note: All Numbers are Preliminary and Subject to Change.

BOND SUMMARY STATISTICS

Successor Agency to the Fullerton Redevelopment Agency
2005 Orangefair Loan (Tax-Exempt)

Dated Date	08/27/2020
Delivery Date	08/27/2020
First Coupon	03/01/2021
Last Maturity	09/01/2026
Arbitrage Yield	1.681375%
True Interest Cost (TIC)	1.232135%
Net Interest Cost (NIC)	1.342111%
All-In TIC	1.668492%
Average Coupon	4.830858%
Average Life (years)	3.640
Weighted Average Maturity (years)	3.735
Duration of Issue (years)	3.436
Par Amount	7,615,000.00
Bond Proceeds	8,582,067.10
Total Interest	1,339,095.00
Net Interest	372,027.90
Total Debt Service	8,954,095.00
Maximum Annual Debt Service	1,494,895.00
Average Annual Debt Service	1,489,590.67
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
<hr/>	
Total Underwriter's Discount	
Bid Price	112.699502

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
2005 Serial Bonds (Tax-Exempt)	7,615,000.00	112.700	4.831%	3.640	2,912.55
	7,615,000.00			3.640	2,912.55

	TIC	All-In TIC	Arbitrage Yield
Par Value	7,615,000.00	7,615,000.00	7,615,000.00
+ Accrued Interest			
+ Premium (Discount)	967,067.10	967,067.10	967,067.10
- Underwriter's Discount			
- Cost of Issuance Expense		(65,202.33)	
- Other Amounts		(61,373.55)	(61,373.55)
Target Value	8,582,067.10	8,455,491.22	8,520,693.55
Target Date	08/27/2020	08/27/2020	08/27/2020
Yield	1.232135%	1.668492%	1.681375%

Note: All Numbers are Preliminary and Subject to Change.

BOND DEBT SERVICE

Successor Agency to the Fullerton Redevelopment Agency
2005 Orangefair Loan (Tax-Exempt)

Dated Date 08/27/2020
Delivery Date 08/27/2020

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2021	1,145,000	3.000%	349,895	1,494,895
09/01/2022	1,180,000	4.000%	311,700	1,491,700
09/01/2023	1,225,000	5.000%	264,500	1,489,500
09/01/2024	1,290,000	5.000%	203,250	1,493,250
09/01/2025	1,355,000	5.000%	138,750	1,493,750
09/01/2026	1,420,000	5.000%	71,000	1,491,000
	7,615,000		1,339,095	8,954,095

Note: All Numbers are Preliminary and Subject to Change.

SUMMARY OF BONDS REFUNDED

Successor Agency to the Fullerton Redevelopment Agency
2005 Orangefair Loan (Tax-Exempt)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Orangefair PA (Tax-Exempt), 2005_OF, SERIAL:					
	09/01/2020	5.000%	1,185,000.00		
	09/01/2021	4.875%	1,245,000.00	09/01/2020	100.000
	09/01/2022	5.000%	1,305,000.00	09/01/2020	100.000
	09/01/2023	5.000%	1,370,000.00	09/01/2020	100.000
	09/01/2024	5.000%	1,440,000.00	09/01/2020	100.000
	09/01/2025	5.000%	1,510,000.00	09/01/2020	100.000
			8,055,000.00		
Orangefair PA (Tax-Exempt), 2005_OF, 2027TERM:					
	09/01/2026	5.000%	1,585,000.00	09/01/2020	100.000
			9,640,000.00		

Note: All Numbers are Preliminary and Subject to Change.

SUMMARY OF REFUNDING RESULTS

Successor Agency to the Fullerton Redevelopment Agency
2005 Orangefair Loan (Tax-Exempt)

Dated Date	08/27/2020
Delivery Date	08/27/2020
Arbitrage yield	1.681375%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	7,615,000.00
True Interest Cost	1.232135%
Net Interest Cost	1.342111%
All-In TIC	1.668492%
Average Coupon	4.830858%
Average Life	3.640
Duration	3.436
Par amount of refunded bonds	9,640,000.00
Average coupon of refunded bonds	4.994906%
Average life of refunded bonds	3.205
PV of prior debt to 08/27/2020 @ 1.681375%	10,857,243.60
Net PV Savings	980,984.07
Percentage savings of refunded bonds	10.176183%

Note: All Numbers are Preliminary and Subject to Change.

SAVINGS

Successor Agency to the Fullerton Redevelopment Agency
2005 Orangefair Loan (Tax-Exempt)

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 08/27/2020 @ 1.6813752%
09/01/2020	1,425,221.88	(1,425,221.88)				
09/01/2021	1,666,193.76		1,666,193.76	1,494,895.00	171,298.76	168,701.94
09/01/2022	1,665,500.00		1,665,500.00	1,491,700.00	173,800.00	168,243.41
09/01/2023	1,665,250.00		1,665,250.00	1,489,500.00	175,750.00	167,231.87
09/01/2024	1,666,750.00		1,666,750.00	1,493,250.00	173,500.00	162,322.79
09/01/2025	1,664,750.00		1,664,750.00	1,493,750.00	171,000.00	157,299.78
09/01/2026	1,664,250.00		1,664,250.00	1,491,000.00	173,250.00	156,693.07
	11,417,915.64	(1,425,221.88)	9,992,693.76	8,954,095.00	1,038,598.76	980,492.85

Savings Summary

PV of savings from cash flow	980,492.85
Plus: Refunding funds on hand	491.22
Net PV Savings	<u>980,984.07</u>

Note: All Numbers are Preliminary and Subject to Change.

SOURCES AND USES OF FUNDS

Successor Agency to the Fullerton Redevelopment Agency
2010 Housing TABs (Taxable)

Dated Date 08/27/2020
Delivery Date 08/27/2020

Sources:

Bond Proceeds:	
Par Amount	10,830,000.00
Other Sources of Funds:	
June 1 RPTTF Distribution	2,352,663.10
Reserve Account	<u>2,860,914.41</u>
	5,213,577.51
	<hr/>
	16,043,577.51
	<hr/> <hr/>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	15,862,663.10
Delivery Date Expenses:	
Cost of Issuance	92,730.29
Surety Reserve (250 bps)	30,039.00
Bond Insurance (45 bps)	<u>57,246.03</u>
	180,015.32
Other Uses of Funds:	
Rounding	899.09
	<hr/>
	16,043,577.51
	<hr/> <hr/>

Notes:

All Numbers are Preliminary and Subject to Change.

Reserve Account Balance of the 2010 TABs (Sources of Funds) Provided by US Bank on May 29, 2020.

Assumes the Agency will Contribute June 1 RPTTF Distribution Amount (Source of Funds) Equal to Sept 1 Payments on the 2005 Loans and 2010 TABs.

Costs of Issuance (Similar to Recent TAB Refinancings), Bond Insurance and Surety Premiums (Provided by a Bond Insurer on June 1) are Estimates.

BOND PRICING

Successor Agency to the Fullerton Redevelopment Agency
2010 Housing TABs (Taxable)

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2010 Serial Bonds (Taxable):					
	09/01/2021	1,780,000	1.440%	1.440%	100.000
	09/01/2022	1,810,000	1.640%	1.640%	100.000
	09/01/2023	1,840,000	1.860%	1.860%	100.000
	09/01/2024	1,870,000	2.080%	2.080%	100.000
	09/01/2025	1,915,000	2.280%	2.280%	100.000
	09/01/2026	1,615,000	2.490%	2.490%	100.000
		10,830,000			

Dated Date	08/27/2020	
Delivery Date	08/27/2020	
First Coupon	03/01/2021	
Par Amount	10,830,000.00	
Original Issue Discount		
Production	10,830,000.00	100.000000%
Underwriter's Discount		
Purchase Price	10,830,000.00	100.000000%
Accrued Interest		
Net Proceeds	10,830,000.00	

Note: All Numbers are Preliminary and Subject to Change.

BOND SUMMARY STATISTICS

Successor Agency to the Fullerton Redevelopment Agency
2010 Housing TABs (Taxable)

Dated Date	08/27/2020
Delivery Date	08/27/2020
First Coupon	03/01/2021
Last Maturity	09/01/2026
Arbitrage Yield	1.681375%
True Interest Cost (TIC)	2.126196%
Net Interest Cost (NIC)	2.131001%
All-In TIC	2.631938%
Average Coupon	2.131001%
Average Life (years)	3.489
Weighted Average Maturity (years)	3.489
Duration of Issue (years)	3.361
Par Amount	10,830,000.00
Bond Proceeds	10,830,000.00
Total Interest	805,206.02
Net Interest	805,206.02
Total Debt Service	11,635,206.02
Maximum Annual Debt Service	1,998,875.50
Average Annual Debt Service	1,935,616.53
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
<hr/>	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
2010 Serial Bonds (Taxable)	10,830,000.00	100.000	2.131%	3.489	3,554.40
	10,830,000.00			3.489	3,554.40

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,830,000.00	10,830,000.00	10,830,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		(92,730.29)	
- Other Amounts		(87,285.03)	(87,285.03)
Target Value	10,830,000.00	10,649,984.68	10,742,714.97
Target Date	08/27/2020	08/27/2020	08/27/2020
Yield	2.126196%	2.631938%	1.681375%

Note: All Numbers are Preliminary and Subject to Change.

BOND DEBT SERVICE

Successor Agency to the Fullerton Redevelopment Agency
2010 Housing TABs (Taxable)

Dated Date 08/27/2020
Delivery Date 08/27/2020

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2021	1,780,000	1.440%	214,670.52	1,994,670.52
09/01/2022	1,810,000	1.640%	186,679.50	1,996,679.50
09/01/2023	1,840,000	1.860%	156,995.50	1,996,995.50
09/01/2024	1,870,000	2.080%	122,771.50	1,992,771.50
09/01/2025	1,915,000	2.280%	83,875.50	1,998,875.50
09/01/2026	1,615,000	2.490%	40,213.50	1,655,213.50
	10,830,000		805,206.02	11,635,206.02

Note: All Numbers are Preliminary and Subject to Change.

SUMMARY OF BONDS REFUNDED

Successor Agency to the Fullerton Redevelopment Agency
2010 Housing TABs (Taxable)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2010 Tax Allocation Bonds, 2010TAB, BOND:					
	09/01/2020	5.774%	1,880,000.00		
	09/01/2021	5.625%	1,985,000.00	09/01/2020	100.000
	09/01/2022	5.900%	2,100,000.00	09/01/2020	100.000
	09/01/2023	6.125%	2,225,000.00	09/01/2020	100.000
	09/01/2024	6.300%	2,360,000.00	09/01/2020	100.000
	09/01/2025	6.450%	2,510,000.00	09/01/2020	100.000
	09/01/2026	6.625%	2,330,000.00	09/01/2020	100.000
			15,390,000.00		

Note: All Numbers are Preliminary and Subject to Change.

SUMMARY OF REFUNDING RESULTS

Successor Agency to the Fullerton Redevelopment Agency
2010 Housing TABs (Taxable)

Dated Date	08/27/2020
Delivery Date	08/27/2020
Arbitrage yield	1.681375%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	10,830,000.00
True Interest Cost	2.126196%
Net Interest Cost	2.131001%
All-In TIC	2.631938%
Average Coupon	2.131001%
Average Life	3.489
Duration	3.361
Par amount of refunded bonds	15,390,000.00
Average coupon of refunded bonds	6.345123%
Average life of refunded bonds	3.184
PV of prior debt to 08/27/2020 @ 1.681375%	18,044,648.23
Net PV Savings	1,840,534.91
Percentage savings of refunded bonds	11.959291%

Note: All Numbers are Preliminary and Subject to Change.

SAVINGS

Successor Agency to the Fullerton Redevelopment Agency
2010 Housing TABs (Taxable)

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 08/27/2020 @ 1.6813752%
09/01/2020	2,352,663.10	(2,352,663.10)				
09/01/2021	2,821,775.00		2,821,775.00	1,994,670.52	827,104.48	815,781.20
09/01/2022	2,825,118.76		2,825,118.76	1,996,679.50	828,439.26	803,196.04
09/01/2023	2,826,218.76		2,826,218.76	1,996,995.50	829,223.26	790,228.60
09/01/2024	2,824,937.50		2,824,937.50	1,992,771.50	832,166.00	779,458.06
09/01/2025	2,826,257.50		2,826,257.50	1,998,875.50	827,382.00	761,692.56
09/01/2026	2,484,362.50		2,484,362.50	1,655,213.50	829,149.00	750,193.77
	18,961,333.12	(2,352,663.10)	16,608,670.02	11,635,206.02	4,973,464.00	4,700,550.23

Savings Summary

PV of savings from cash flow	4,700,550.23
Less: Prior funds on hand	(2,860,914.41)
Plus: Refunding funds on hand	899.09
	<hr/>
Net PV Savings	1,840,534.91

Note: All Numbers are Preliminary and Subject to Change.

DISCLOSURE

Successor Agency to the Fullerton Redevelopment Agency
Merged Fullerton Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2020
(Federally Taxable and Tax-Exempt)

Assumes 'A' Underlying, 'AA' Insured Rates as of June 3, 2020

Stifel, Nicolaus & Company, Incorporated ('Stifel') has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC's Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its' own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and /or counsel as you deem appropriate.

Note: All Numbers are Preliminary and Subject to Change.

ESCROW AGREEMENT (2005 AND 2010 BONDS)

THIS ESCROW AGREEMENT (2005 AND 2010 BONDS), dated as of ____ 1, 2020 (the “**Agreement**”), by and among the Successor Agency to the Fullerton Redevelopment Agency (the “**Agency**”), the City of Fullerton Public Financing Authority (the “**Authority**”) and U.S. Bank National Association, as escrow agent (the “**Escrow Agent**”) and as Prior Trustee (as such term is defined herein), is entered into in accordance with: (i) resolutions of the Agency and the Authority adopted on [July 7], 2020; (ii) an Indenture of Trust, dated as of December 1, 2005 (the “**2005 Indenture**”), by and between the Authority and U.S. Bank National Association, as trustee (the “**Prior Trustee**”), relating to the Authority’s 2005 Tax Allocation Revenue Bonds (the “**2005 Bonds**”), the proceeds of which were used to make three loans to the Former Agency (the “**2005 Loans**”); and (iii) an Indenture of Trust, dated as of October 1, 2010 (the “**2010 Indenture**”), by and between the Agency and the Prior Trustee, relating to the Fullerton Redevelopment Agency’s (the “**Former Agency**”) 2010 Taxable Tax Allocation Housing Bonds (the “**2010 Bonds**” and, together with the 2005 Loans, the “**Refunded Obligations**”). This Agreement is entered into to refund all of the outstanding Refunded Obligations.

RECITALS

A. Pursuant to the 2005 Indenture, the Authority previously issued the 2005 Bonds in the aggregate principal amount of \$74,600,000, of which \$43,040,000 is currently outstanding.

B. Pursuant to the 2010 Indenture, the Agency previously issued the 2010 Bonds in the aggregate principal amount of \$28,980,000, of which \$15,390,000 is currently outstanding.

C. The Agency has determined to issue its _____ (the “**2020 Bonds**”), a portion of the proceeds of which will be applied to pay, on ____ __, 202__ (the “**Redemption Date**”), the principal of the outstanding Refunded Obligations maturing on and after the Redemption Date, plus interest thereon accrued to the Redemption Date, without premium (the “**Redemption Price**”).

D. The prepayment of the 2005 Loans will cause the redemption and defeasance of the 2005 Bonds.

E. The Agency will irrevocably deposit moneys with the Escrow Agent, which moneys will be used to purchase the securities that are described on Schedule A (the “**Federal Securities**”) (as permitted by, in the manner prescribed by and all in accordance with the 2005 Indenture and the 2010 Indenture). Such Federal Securities satisfy the criteria that are set forth in Section 9.03 of each of the 2005 Indenture and the 2010 Indenture, and the principal of and interest on such Federal Securities when paid, together with other moneys contributed by the Agency and the Authority, will provide funds which will be fully sufficient to pay and discharge the Refunded Obligations.

AGREEMENT

SECTION 1. Deposit of Moneys. The Agency will cause U.S. Bank National Association, as trustee for the 2020 Bonds, to transfer to the Escrow Agent, on the date of issuance of the 2020 Bonds: (a) a portion of the proceeds of the 2020 Bonds in the amount of \$_____ for deposit in the 2005 Escrow Account established hereunder; and (b) a portion of the proceeds of the 2020 Bonds in the amount of \$_____ for deposit in the 2010 Escrow Account established hereunder.

The Authority and the Agency, as applicable, also hereby direct the Prior Trustee to transfer to the Escrow Agent, on the date of issuance of the 2020 Bonds: (i) \$_____ held in the funds and accounts relating to the [2005 Loans/2005 Bonds] for deposit in the 2005 Escrow Account; and (ii) \$_____ held in the funds and accounts relating to the 2010 Bonds for deposit in the 2010 Escrow Account.

The Escrow Agent will hold such amounts in an irrevocable escrow separate and apart from other funds of the Agency, the Authority and the Escrow Agent in separate accounts hereby created and established to be known as the “**2005 Escrow Account**” and the “**2010 Escrow Account.**” The 2005 Escrow Account and the 2010 Escrow Account constitute accounts within the “**Escrow Fund,**” which is hereby created and established. Moneys in the Escrow Fund shall be applied solely as provided in this Agreement. The Agency represents that the sum of the amounts set forth above is at least equal to an amount that is sufficient to purchase the Federal Securities listed on Schedule A, and to hold \$____ uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest \$_____ of such moneys in the Federal Securities listed on Schedule A and to deposit such Federal Securities in the Escrow Fund. The Escrow Agent shall be entitled to rely upon the conclusion of _____ (the “**Verification Agent**”) that the Federal Securities listed on Schedule A mature and bear interest that is payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay, on the Redemption Date, the applicable Redemption Prices of the respective series of outstanding Refunded Obligations maturing after the Redemption Date.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the Agency, together with an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that reinvestment is permitted under the legal documents in effect with respect to the Refunded Obligations and will not have an adverse effect on the tax status of the Refunded Obligations, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay, on the Redemption Date, the applicable Redemption Prices of the outstanding respective series of Refunded Obligations maturing after the Redemption Date. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the Agency with respect to the refunding of the Refunded Obligations or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, shall be paid to the Agency promptly upon the receipt of such interest income by the Escrow Agent.

SECTION 4. Substitution of Securities. Upon the written request of the Agency, and subject to the conditions and limitations that are set forth herein and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of Federal Securities purchased in accordance with Section 3, provided that there are substituted therefor from the

proceeds thereof other Federal Securities, but only after the Agency has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the Refunded Obligations and will not have an adverse effect on the tax status of the Refunded Obligations; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay, on the Redemption Date, the applicable Redemption Prices of the outstanding respective series of Refunded Obligations maturing after the Redemption Date. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded Obligations.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall transfer to the Prior Trustee for the Prior Trustee to pay, on the Redemption Date, the applicable Redemption Prices of the respective series of Refunded Obligations maturing on and after the Redemption Date, as indicated on Schedule A.

(b) Irrevocable Instructions to Provide Notice. The notices that are required to be mailed pursuant to Section 2.02(c) of the 2005 Indenture and Section 2.03(b) of the 2010 Indenture are substantially in the forms attached hereto as Exhibit A. The notices that are required to be mailed pursuant to Section 9.03 of each of the 2005 Indenture and the 2010 Indenture are substantially in the forms attached hereto as Exhibit B. The Agency and the Authority [have previously instructed] [instruct] the Prior Trustee to deliver a notice of redemption of the 2005 Bonds in accordance with Section 2.02(c) of the 2005 Indenture (including to the bond insurer of the 2005 Bonds) and a notice of redemption of the 2010 Bonds in accordance with Section 2.03(b) of the 2010 Indenture, and to deliver notices of defeasance of the Refunded Obligations on the date of issuance of the 2020 Bonds. [The Agency and the Authority hereby reaffirm such instructions.]

(c) Unclaimed Moneys. Any moneys in the Escrow Fund which remain unclaimed after the Redemption Date shall be repaid by the Escrow Agent to the Agency.

(d) Priority of Payments. The owners of the applicable series of Refunded Obligations shall have a first and exclusive lien on all moneys and securities in the respective accounts of the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. (i) Upon the deposits into the 2005 Escrow Account as described herein, the pledge of the Revenues and other funds provided for in the 2005 Indenture with respect to the 2005 Bonds, and all other pecuniary obligations of the Authority under the 2005 Indenture with respect to the 2005 Bonds, will cease and terminate, except as set forth in the 2005 Indenture. (ii) Upon the deposits into the 2010 Escrow Account as described herein, the pledge of the Housing Tax Revenues and other funds provided for in the 2010 Indenture, and all other obligations of the Prior Trustee and the Agency under the 2010 Indenture with respect to the 2010 Bonds, will cease and terminate, except as set forth in the 2010 Indenture.

SECTION 6. Application of Certain Terms of the Prior Indentures. All of the terms of the 2005 Indenture and the 2010 Indenture relating to the making of payments of principal of and interest on the respective series of Refunded Obligations and relating to the exchange or transfer of the respective series of Refunded Obligations are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VI of each of the 2005 Indenture and the 2010 Indenture relating to the resignation and removal and merger of the Prior Trustee are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties that are set forth herein and shall have no responsibility to take any action or omit to take any action that is not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Sections 2, 3 and 4 hereof, the Escrow Agent shall have no power or duty to invest any funds that are held hereunder or to sell, transfer or otherwise dispose of the moneys or securities that are held hereunder.

SECTION 9. Indemnity. The Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Agent at any time (whether or not also indemnified against the same by the Agency or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the Agency shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees. In no event shall the Agency or the Escrow Agent be liable to any person by reason of the transactions that are contemplated hereby other than to each other as set forth in this Section. The indemnities that are contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the sufficiency of the moneys held in the Escrow Fund to pay the Refunded Obligations or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent that is made in good faith in the conduct of its duties. The recitals of fact that are contained herein shall be taken as the statements of the Agency and the Authority, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded Obligations or to the validity of this Agreement as to the Agency and the Authority and, except as otherwise provided

herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. In no event shall the Escrow Agent be liable for any special indirect or consequential damages. The Escrow Agent may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Agency.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Agreement and delivered using Electronic Means (“**Electronic Means**” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the Agency and the Authority shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Agency or the Authority whenever a person is to be added or deleted from the listing. If the Agency or the Authority elect to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent’s understanding of such Instructions shall be deemed controlling. The Agency and the Authority understand and agree that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Agency and the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Agency or the Authority. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency and the Authority agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that they are fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Agency or the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall furnish the Agency with periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the Agency, provided that the Escrow Agent is not obligated to provide an accounting for any fund or account that: (a) has a balance of \$0.00; and (b) has not had any activity since the last reporting date. Upon the Agency's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The Agency and the Authority waive the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The Agency and the Authority further understand that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Securities that is to be submitted pursuant to this Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the Agency with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Agency. In the absence of investment instructions from the Agency, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Agency's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent may conclusively rely, as to the trust and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Agreement, and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent in accordance with this Agreement and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any facts or matter stated in such notice, instruction, request, certificate or opinion.

The liability of the Escrow Agent to make any payments under the Agreement shall be limited to the funds in the Escrow Fund.

SECTION 11. Amendments. This Agreement is made for the benefit of the Agency, the Authority and the owners from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent, the Agency and the Authority; provided, however, that the Agency, the Authority and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the 2005 Indenture or the 2010 Indenture for any one or more of the following purposes: (i) to cure any

ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the any series of the Refunded Obligations any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded Obligations or that any instrument that is executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Notice to Rating Agencies. In the event that this agreement or any provision thereof is severed, amended or revoked, the Escrow Agent shall provide written notice of such severance, amendment or revocation to the rating agencies then rating the Refunded Obligations.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded Obligations have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement. Funds remaining in the Escrow Fund after payment in full of the Refunded Obligations shall be transferred to the Agency.

SECTION 14. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the Agency and any other reasonable fees and expenses of the Escrow Agent; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services that are rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Agency, the Authority or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void, shall be deemed separate from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Holidays. 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 Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the office of the Escrow Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date

provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 19. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the Agency.

SECTION 20. Reorganization of Escrow Agent. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Agent is a party, or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Escrow Agent without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Agent.

SECTION 21. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds thereof and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the Agency in writing of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 22. Notices. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust, Reference: Fullerton Successor Agency, Series 2005 and 2010. Any notice to or demand upon the Agency or the Authority shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or other electronic transmission, overnight mail or courier or mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Agency at 303 West Commonwealth Avenue, Fullerton, California 92832 (or such other address as may have been filed in writing by the Agency with the Escrow Agent).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

SUCCESSOR AGENCY TO THE FULLERTON
REDEVELOPMENT AGENCY

By: _____
Executive Director

CITY OF FULLERTON PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and Prior Trustee

By: _____
Authorized Officer

SCHEDULE A
ESCROW REQUIREMENTS

Moneys deposited in the Escrow Fund shall be invested as follows:

<i>Security</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
—	____ __, 2020	\$	%

The escrow requirements for the 2005 Bonds are as follows:

<i>Period Ending</i>	<i>Principal Paid</i>	<i>Principal Redeemed</i>	<i>Interest</i>	<i>Total</i>
____ 1, 202__	\$	\$	\$	\$

The escrow requirements for the 2010 Bonds are as follows:

<i>Period Ending</i>	<i>Principal Paid</i>	<i>Principal Redeemed</i>	<i>Interest</i>	<i>Total</i>
____ __, 202__	\$	\$	\$	\$

EXHIBIT A

[CONDITIONAL] NOTICE OF FULL OPTIONAL REDEMPTION

**CITY OF FULLERTON PUBLIC FINANCING AUTHORITY
2005 TAX ALLOCATION REVENUE BONDS**

BASE CUSIP 35981R

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (the “2005 Bonds”) pursuant to the Indenture of Trust, dated as of December 1, 2005 (the “2005 Indenture”), by and between the City of Fullerton Public Financing Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “2005 Trustee”), that 2005 Bonds in the principal amount of \$38,465,000 have been called for redemption on _____ 1, 202__ (the “Redemption Date”). The 2005 Bonds were originally issued on December 27, 2005 and are described in the following table.

<u>CUSIP</u>	<u>Maturity</u> <u>(September 1)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Price</u>
AR0	2021	4.875%	\$ 4,805,000	100%
AS8	2022	5.000	5,040,000	100
AT6	2023	5.000	5,290,000	100
AU3	2024	5.000	5,550,000	100
AV1	2025	5.000	3,920,000	100
AX7	2027	5.000	13,860,000	100

The 2005 Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount plus accrued interest to such date (the “Redemption Price”). The Redemption Price of the 2005 Bonds will become due and payable on the Redemption Date. Provided that moneys for redemption have been deposited with the Trustee, interest on the 2005 Bonds will cease to accrue and be payable from and after the Redemption Date, and such 2005 Bonds will be surrendered to the 2005 Trustee and cease to be entitled to any benefit under the 2005 Indenture other than to receive payment of the Redemption Price.

[Redemption of the 2005 Bonds is conditional upon the receipt by the 2005 Trustee on or prior to the Redemption Date of moneys that are sufficient to pay the principal of and interest on the 2005 Bonds and, if such moneys have not been so received, this notice shall be of no force and effect and the 2005 Trustee shall not be required to redeem such 2005 Bonds. In such event, the 2005 Trustee has the right to rescind this notice.]

To receive payment on the Redemption Date, owners of the 2005 Bonds should present and to surrender said 2005 Bonds on the Redemption Date at the address of the 2005 Trustee set forth below:

Delivery Instructions

U.S. Bank
Global Corporate Trust Services
111 Fillmore Avenue E
St. Paul, Minnesota 55107

REQUIREMENT INFORMATION

For a list of redemption requirements please visit our website at www.usbank.com/corporatetrust and click on the “Bondholder Information” link for Redemption instructions. You may also contact our Bondholder Communications team at 1-800-934-6802 Monday through Friday from 8 AM to 6 PM CST.

IMPORTANT NOTICE

Federal law requires the 2005 Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for additional information on the tax forms and instructions.

If the owner of any 2005 Bond fails to deliver such 2005 Bond to the 2005 Trustee on the Redemption Date, such 2005 Bond shall nevertheless be deemed redeemed on the Redemption Date and the owner of such 2005 Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the 2005 Trustee for such payment.

Note: The Authority and the 2005 Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness in the notice or as printed on any 2005 Bond. They are included solely for the convenience of the holders.

U.S. BANK NATIONAL ASSOCIATION, as 2005
Trustee

[30 DAYS PRIOR TO REDEMPTION DATE], 202__

[CONDITIONAL] NOTICE OF FULL OPTIONAL REDEMPTION

FULLERTON REDEVELOPMENT AGENCY
2010 TAXABLE TAX ALLOCATION HOUSING BONDS

BASE CUSIP 359817

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (the “2010 Bonds”) pursuant to the Indenture of Trust, dated as of October 1, 2010, by and between the Successor Agency to the Fullerton Redevelopment Agency (the “Agency”) and U.S. Bank National Association, as trustee (the “2010 Trustee”), that 2010 Bonds in the principal amount of \$15,390,000 have been called for redemption on ____ __, 202__ (the “Redemption Date”). The 2010 Bonds were originally issued on November 4, 2010 and are described in the following table.

<u>CUSIP</u>	<u>Maturity</u> <u>(September 1)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Price</u>
BY8	2021	5.625%	\$ 1,985,000	100%
BZ5	2022	5.900	2,100,000	100
CA9	2023	6.125	2,225,000	100
CB7	2024	6.300	2,360,000	100
CC5	2025	6.450	2,510,000	100
CD3	2026	6.625	2,330,000	100

The 2010 Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount plus accrued interest to such date (the “Redemption Price”). The Redemption Price of the 2010 Bonds will become due and payable on the Redemption Date. Provided that moneys for redemption have been deposited with the Trustee, interest on the 2010 Bonds will cease to accrue and be payable from and after the Redemption Date, and such 2010 Bonds will be surrendered to the 2010 Trustee and cease to be entitled to any benefit under the 2005 Indenture other than to receive payment of the Redemption Price.

[Redemption of the 2010 Bonds is conditional upon the receipt by the 2010 Trustee on or prior to the Redemption Date of moneys that are sufficient to pay the principal of and interest on the 2010 Bonds and, if such moneys have not been so received, this notice shall be of no force and effect and the 2010 Trustee shall not be required to redeem such 2010 Bonds. In such event, the 2010 Trustee has the right to rescind this notice.]

To receive payment on the Redemption Date, owners of the 2010 Bonds should present and to surrender said 2010 Bonds on the Redemption Date at the address of the 2010 Trustee set forth below:

Delivery Instructions

U.S. Bank
Global Corporate Trust Services
111 Fillmore Avenue E
St. Paul, Minnesota 55107

REQUIREMENT INFORMATION

For a list of redemption requirements please visit our website at www.usbank.com/corporatetrust and click on the “Bondholder Information” link for Redemption instructions. You may also contact our Bondholder Communications team at 1-800-934-6802 Monday through Friday from 8 AM to 6 PM CST.

IMPORTANT NOTICE

Federal law requires the 2010 Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for additional information on the tax forms and instructions.

If the owner of any 2010 Bond fails to deliver such 2010 Bond to the 2010 Trustee on the Redemption Date, such 2010 Bond shall nevertheless be deemed redeemed on the Redemption Date and the owner of such 2010 Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the 2010 Trustee for such payment.

Note: The Agency and the 2010 Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness in the notice or as printed on any 2010 Bond. They are included solely for the convenience of the holders.

U.S. BANK NATIONAL ASSOCIATION, as 2010
Trustee

[30 DAYS PRIOR TO REDEMPTION DATE], 202__

EXHIBIT B

NOTICE OF DEFEASANCE

**CITY OF FULLERTON PUBLIC FINANCING AUTHORITY
2005 TAX ALLOCATION REVENUE BONDS**

BASE CUSIP 35981R

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (the “2005 Bonds”) pursuant to the Indenture of Trust, dated as of December 1, 2005 (the “2005 Indenture”) by and between the City of Fullerton Public Financing Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “2005 Trustee”), that the Authority has caused to be deposited with the 2005 Trustee cash and federal securities in an amount that is sufficient to pay on ____ 1, 202__ the principal of all outstanding 2005 Bonds, plus accrued interest with respect thereto to such date. The 2005 Bonds were originally issued on December 27, 2005 and are described in the following table.

<u>CUSIP</u>	<u>Maturity (September 1)</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
AQ2	2020	5.000%	\$ 4,575,000
AR0	2021	4.875	4,805,000
AS8	2022	5.000	5,040,000
AT6	2023	5.000	5,290,000
AU3	2024	5.000	5,550,000
AV1	2025	5.000	3,920,000
AX7	2027	5.000	13,860,000

In accordance with the 2005 Indenture: (i) the pledge of the Revenues and other funds provided for in the 2005 Indenture with respect to the 2005 Bonds, and all other pecuniary obligations of the Authority under the 2005 Indenture with respect to the 2005 Bonds, have ceased and terminated, except as set forth in the 2005 Indenture; and (ii) all obligations of the Authority under the Authority Continuing Disclosure Agreement, dated as of December 1, 2005, by and between the Authority and the 2005 Trustee, relating to the 2005 Bonds, have been terminated as of the date hereof.

No representation is made as to the correctness of the CUSIP number either as printed on any 2005 Bond or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for redemption of the 2005 Bonds.

U.S. BANK NATIONAL ASSOCIATION, as 2005
Trustee

_____, 2020

NOTICE OF DEFEASANCE

FULLERTON REDEVELOPMENT AGENCY 2010 TAXABLE TAX ALLOCATION HOUSING BONDS

BASE CUSIP 359817

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (the “2010 Bonds”) pursuant to the Indenture of Trust, dated as of October 1, 2010 (the “Indenture”) by and between the Successor Agency to the Fullerton Redevelopment Agency (the “Agency”) and U.S. Bank National Association, as trustee (the “2010 Trustee”), that the Agency has deposited with the 2010 Trustee cash and federal securities in an amount that is sufficient to pay on ____ __, 202__ the principal of all outstanding 2010 Bonds, plus accrued interest with respect thereto to such date. The 2010 Bonds were originally issued on November 4, 2010 and are described in the following table.

<u>CUSIP</u>	<u>Maturity</u> <u>(September 1)</u>	<u>Interest Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Price</u>
BY8	2021	5.625%	\$ 1,985,000	100%
BZ5	2022	5.900	2,100,000	100
CA9	2023	6.125	2,225,000	100
CB7	2024	6.300	2,360,000	100
CC5	2025	6.450	2,510,000	100
CD3	2026	6.625	2,330,000	100

In accordance with the 2010 Indenture: (i) the pledge of the Housing Tax Revenues and other funds provided for in the 2010 Indenture, and all other obligations of the 2010 Trustee and the Agency under the 2010 Indenture with respect to the 2010 Bonds, will cease and terminate, except as set forth in the 2010 Indenture; and (ii) all obligations of the Agency under the Continuing Disclosure Agreement, dated as of October 1, 2010, by and between the Agency and the 2010 Trustee relating to the 2010 Bonds, have been terminated as of the date hereof.

No representation is made as to the correctness of the CUSIP number either as printed on any 2010 Bond or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for redemption of the 2010 Bonds.

U.S. BANK NATIONAL ASSOCIATION, as 2010
Trustee

____ __, 2020

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

NEW ISSUE—BOOK-ENTRY ONLY

INSURED BONDS RATING: S&P: “ ___ ”

UNINSURED BONDS RATING: S&P: “ ___ ”

See “CONCLUDING INFORMATION – Ratings”

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 2020B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2020 Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.

\$ _____*

\$ _____*

SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY MERGED FULLERTON REDEVELOPMENT PROJECT AREA TAX ALLOCATION REFUNDING BONDS, SERIES 2020A

SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY MERGED FULLERTON REDEVELOPMENT PROJECT AREA TAX ALLOCATION REFUNDING BONDS, SERIES 2020B (FEDERALLY TAXABLE)

Dated: Delivery Date

Due: September 1, as shown on the inside cover

Purpose. The bonds captioned above (collectively, the “2020 Bonds”) are being issued by the Successor Agency to the Fullerton Redevelopment Agency (the “Successor Agency”) to refinance certain outstanding obligations originally issued or incurred by the former Fullerton Redevelopment Agency.

Book-Entry; Payments. The 2020 Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the 2020 Bonds. Semiannual interest on the 2020 Bonds due March 1 and September 1 of each year, commencing [March 1, 2021], and principal on the 2020 Bonds due September 1 of each year, commencing September 1, 2021, will be payable by U.S. Bank National Association, as trustee of the 2020 Bonds (the “Trustee”), to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the 2020 Bonds. See “THE 2020 BONDS.”

[Redemption. The 2020 Bonds are subject to redemption prior to maturity. See “THE 2020 BONDS – Redemption.”]

Security; Parity Debt. The 2020 Bonds are payable from and secured by a pledge of Tax Revenues (as such term is defined in this Official Statement) and moneys in certain funds and accounts established under the Indenture (as defined in this Official Statement), including a debt service reserve account established by depositing therein a debt service reserve account policy to be issued by _____ (the “2020 Insurer”) concurrently with the delivery of the 2020 Bonds, as further described in this Official Statement. See “SECURITY FOR THE 2020 BONDS.” Certain 2015 Bonds are outstanding in the aggregate principal amount of \$6,385,000 and are payable from Tax Revenues on a parity with the 2020 Bonds. The Successor Agency is not permitted to issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues on a parity with the 2020 Bonds and the 2015 Bonds except for obligations issued to refund the 2020 Bonds or the 2015 Bonds. See “THE 2020 BONDS – Parity and Subordinate Debt.”

The scheduled payment of principal of and interest on certain maturities of the 2020 Bonds (the “2020 Insured Bonds”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2020 Insured Bonds by _____. The maturities of the 2020 Insured Bonds will be determined by the Successor Agency in connection with the pricing of the 2020 Bonds.

[INSURER Logo]

Limited Obligations. The 2020 Bonds are limited obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal and interest from Tax Revenues (as such term is defined in this Official Statement), and moneys in certain funds and accounts established and held by the Successor Agency or the Trustee under the Indenture. The principal of and interest on the 2020 Bonds are not a debt of the City of Fullerton, County of Orange (the “County”), the State of California (the “State”) or any of their political subdivisions except the Successor Agency, and none of the City, County, the State nor any of their political subdivisions except the Successor Agency is liable thereon. The principal of and interest on the 2020 Bonds is not payable out of any funds or properties other than those set forth in the Indenture (as defined in this Official Statement). Neither the members of the Successor Agency, the Orange Countywide Oversight Board, the City Council of the City nor any persons executing the 2020 Bonds are liable personally on the 2020 Bonds.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the 2020 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described in this Official Statement. See “RISK FACTORS.”

The 2020 Bonds are offered, when, as and if issued, subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel to the Successor Agency. Jones Hall, A Professional Law Corporation, San Francisco, California, is serving as Disclosure Counsel to the Successor Agency. In addition, certain legal matters will be passed upon for the Successor Agency by the Jones & Mayer, Fullerton, California, City Attorney, as general counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriter by Kutak Rock, Irvine, California, as Underwriter’s Counsel. It is anticipated that the 2020 Bonds will be available for delivery through the facilities of DTC, on or about _____, 2020.



The date of this Official Statement is _____, 2020.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful.

MATURITY SCHEDULES

\$ _____ *
**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS,
SERIES 2020A**

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† (Base _____)</u>
--	-----------------------------	----------------------	--------------	--------------	--------------------------------

\$ _____ % Term Bond due September 1, 20____, Yield: _____%, Price: _____
CUSIP† No. _____

\$ _____ *
**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS,
SERIES 2020B (FEDERALLY TAXABLE)**

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† (Base _____)</u>
--	-----------------------------	----------------------	--------------	--------------	--------------------------------

\$ _____ % Term Bond due September 1, 20____, Yield: _____%, Price: _____
CUSIP† No. _____

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the Successor Agency nor the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

* Preliminary; subject to change.

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
ORANGE COUNTY, CALIFORNIA**

CITY COUNCIL/SUCCESSOR AGENCY BOARD

Jennifer Fitzgerald, *Mayor and Chair*
Jan M. Flory, *Mayor Pro Tempore and Board Member*
Jesus Silva, *Board Member*
Bruce Whitaker, *Board Member*
Ahmad Zahra, *Board Member*

CITY/SUCCESSOR AGENCY STAFF

Ken Domer, *City Manager and Executive Director*
Ellis Chang, *Director of Administrative Services*
Lucinda Williams, *City Clerk and Secretary*

SPECIAL SERVICES

General Counsel/City Attorney

Jones & Mayer
Fullerton, California

Bond Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor and Fiscal Consultant

Urban Futures, Inc.
Tustin, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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 2020 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.

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 2020 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Merged Fullerton Redevelopment Project Area since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2020 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 2020 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.

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.

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.

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market price of the 2020 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2020 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2020 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 SUCCESSOR 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.

Website. The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

Insurer Disclosure. [To come]

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[INSERT LOCATION MAP]

[INSERT PROJECT AREA MAP]

OFFICIAL STATEMENT

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY**

\$ _____*
**MERGED FULLERTON REDEVELOPMENT
PROJECT AREA TAX ALLOCATION
REFUNDING BONDS, SERIES 2020A**

\$ _____*
**MERGED FULLERTON REDEVELOPMENT
PROJECT AREA TAX ALLOCATION
REFUNDING BONDS, SERIES 2020B
(FEDERALLY TAXABLE)**

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Fullerton Redevelopment Agency (the “**Successor Agency**”) of the Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A (the “**2020A Bonds**”) and the Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable) (the “**2020B Bonds**” and together with the 2020A Bonds, the “**2020 Bonds**”).

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description and guide to, and is qualified by, the more complete and detailed information contained in the entire Official Statement including the cover page and the appendices, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2020 Bonds to potential investors is made only by means of the entire Official Statement.

Authority and Use of Proceeds

The Successor Agency is issuing the 2020 Bonds pursuant to authority granted by the Constitution of the State of California (the “**State**”), Section 34177.5(a)(1) of the Health and Safety Code of the State, 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 (the “**Refunding Law**”) and an Indenture of Trust, dated as of February 1, 2015 (the “**Original Indenture**”), by and between the Successor Agency, as successor to the former Fullerton Redevelopment Agency (the “**Former Agency**”), and U.S. Bank National Association, as trustee (the “**Trustee**”), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of _____ 1, 2020 (the “**First Supplement**”), by and between the Successor Agency and the Trustee (as so amended and supplemented, the “**Indenture**”). See “THE 2020 BONDS – Authority for Issuance.”

The Successor Agency will use a portion of the proceeds to prepay or redeem the following outstanding loans or bonds previously incurred or issued by the Former Agency (collectively, the “**Refunded Obligations**”):

* Preliminary; subject to change.

- Prepay in full a loan made by the City of Fullerton Public Financing Authority (the “**Authority**”) to the Former Agency for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the Orangefair Redevelopment Project (the “**2005 Orangefair Loan**”) under a Loan Agreement dated as of December 1, 2005 (the “**2005 Orangefair Loan Agreement**”), among the Authority, the Former Agency and U.S. Bank National Association, as trustee, which is currently outstanding in the aggregate principal amount of \$16,080,000;
- Prepay in full a loan made by the Authority to the Former Agency for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the Central Fullerton Redevelopment Project (the “**2005 Central Fullerton Loan**”) under a Loan Agreement dated as of December 1, 2005 (the “**2005 Central Fullerton Loan Agreement**”), among the Authority, the Former Agency and U.S. Bank National Association, as trustee, which is currently outstanding in the aggregate principal amount of \$17,320,000;
- Prepay in full a loan made by the Authority to the Former Agency for the purpose of providing financing for projects, programs and activities of the Former Agency relating to the East Fullerton Redevelopment Project (the “**2005 East Fullerton Loan**”; and, together with the Orangefair Loan and the 2005 Central Fullerton Loan, the “**2005 Loans**”) under a Loan Agreement dated as of December 1, 2005 (the “**2005 East Fullerton Loan Agreement**”; and together with the 2005 Orangefair Loan Agreement, and the 2005 Central Fullerton Loan Agreement, the “**2005 Loan Agreements**”) among the Authority, the Former Agency and U.S. Bank National Association, as trustee, which is currently outstanding in the aggregate principal amount of \$9,640,000; and
- Redeem all of the outstanding Fullerton Redevelopment Agency 2010 Taxable Tax Allocation Housing Bonds (the “**2010 Bonds**”) issued by the Former Agency under that certain Indenture of Trust dated as of October 1, 2010 (the “**2010 Indenture**”), between the Successor Agency, as successor to the Former Agency, and U.S. Bank National Association, as trustee, which bonds are outstanding in the aggregate principal amount of \$15,390,000.

The 2005 Loans were made by the Authority to the Former Agency with proceeds of the City of Fullerton Public Financing Authority 2005 Tax Allocation Revenue Bonds (the “**2005 Bonds**”). The 2005 Bonds were issued by the Authority under the terms and conditions of an Indenture of Trust, dated as of December 1, 2005 (the “**2005 Indenture**”), by and between the Authority and U.S. Bank National Association, as trustee. The 2005 Bonds are currently outstanding in the aggregate principal amounts of \$43,040,000. The Authority will cause all of the outstanding 2005 Bonds to be redeemed contemporaneously with the prepayment of the 2005 Loans.

The remaining proceeds of the 2020 Bonds will be used to (i) pay the premium of a debt service reserve insurance policy for the 2020 Bonds (the “**2020 Reserve Policy**”) to be issued by _____ (the “**2020 Insurer**”) concurrently with the delivery of the 2020 Bonds to satisfy the 2020 Reserve Requirement (as defined below) and (ii) pay the costs of issuing the 2020 Bonds, including the premium for the 2020 Policy (as defined below).

The City and the Successor Agency

The City. The City of Fullerton (the “**City**”) is located in Southern California in the County of Orange (the “**County**”), approximately 25 miles southeast of the City of Los Angeles, and covers approximately 22.4 square miles. The City, founded in 1887 and incorporated in 1904, operates as a general law city, governed by a nonpartisan, five-member City Council (the “**City Council**”) elected to serve staggered four-year terms. The City provides the full range of services normally associated with a municipality, including police and fire protection, highways and streets, parks and recreation, library, planning and zoning, building and engineering, various maintenance services and administration. Parking and airport facilities, water, sewer, and storm drainage are also provided.

See “APPENDIX G – SUPPLEMENTAL INFORMATION – CITY OF FULLERTON AND COUNTY OF ORANGE” for additional information regarding the City and the County. The 2020 Bonds are not an obligation of the City or the County.

Successor Agency. The Successor Agency is the successor entity to the Former Agency, which was dissolved under the Dissolution Act (described below). The Former Agency was a redevelopment agency with all of the powers vested in such entities under the California Community Redevelopment Law (the “**Redevelopment Law**”). The City Council was the legislative body of the Former Agency and is the governing board of the Successor Agency.

Pursuant to Section 34173 of the Dissolution Act, the City made an election to act as the successor agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public and legal entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

Dissolution Act. On June 29, 2011, Assembly Bill No. X1 26 (“**AB X1 26**”) was enacted, together with a companion bill, Assembly Bill No. X1 27 (“**AB X1 27**”). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies statewide as of February 1, 2012. The provisions of AB X1 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are found in Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“**AB 1484**”), enacted as Chapter 26, Statutes of 2012 and as further amended on September 22, 2015 by Senate Bill 107 (“**SB 107**”), enacted as Chapter 325, Statutes of 2015. The provisions of Part 1.8 and 1.85 as amended by AB 1484 and SB 107 are referred to in this Official Statement as the “**Dissolution**”

Act.” The Redevelopment Law together with the Dissolution Act are sometimes referred to in this Official Statement as, the “**Law.**”

The Merged Project Area and Component Areas

Merged Project Area. Prior to the dissolution of the Former Agency, the City Council of the City established the following four project areas of the Former Agency (collectively, the “**Component Project Areas**”):

- Orangefair Redevelopment Project;
- Central Fullerton Redevelopment Project;
- East Fullerton Redevelopment Project; and
- Redevelopment Project No. 4;

Pursuant to Ordinance No. 3082, adopted on December 19, 2006, the City Council of the City approved and adopted the Merged Fullerton Redevelopment Plan (the “**Original Merged Project Area Redevelopment Plan**”) to fiscally merge the Component Project Areas into a single project area known as the Merged Fullerton Redevelopment Project (the “**Original Merged Project Area**”). The Original Merged Redevelopment Plan incorporated key provisions of the redevelopment plans of the Component Project Areas. Pursuant to Ordinance No. 3082, adopted on December 19, 2006, the City Council of the City also adopted the 2006 Fullerton Redevelopment Project Areas Merger and Amendment (the “**2006 Merger Amendment**”) to amend the redevelopment plans of the Component Project Areas and effect their merger.

Pursuant to Ordinance No. 3130, adopted on July 14, 2009, the City Council of the City amended the Original Merged Project Area Redevelopment Plan to include additional territory totaling 1,088 acres (the “**Amended Area**”; and together with the Original Merged Project Area, the “**Merged Project Area**”). The Original Merged Project Area Redevelopment Plan as amended from time to time is referred to in this Official Statement as the “**Merged Project Area Redevelopment Plan.**”

The Merged Project Area (excluding Component Project Area No. 4 (as hereinafter defined)) consists of a total of 3,082 acres. The Merged Project Area encompasses a significant proportion of the commercially zoned property in the City together with the area surrounding California State University, Fullerton.

Component Project Areas and Amended Area. Following are brief descriptions of the Component Project Areas and the Amended Area.

- Orangefair Component Project Area. The City Council approved a redevelopment plan (the “**Original Orangefair Redevelopment Plan**”) and established the Orangefair Redevelopment Project (the “**Orangefair Component Project Area**”) pursuant to Ordinance No. 1941, adopted on December 18, 1973. The Original Orangefair Redevelopment Plan has been amended several times since its adoption, including pursuant to the 2006 Merger Amendment (as so amended, the “**Orangefair Redevelopment Plan**”).

The Orangefair Component Project Area consists of approximately 183 acres, or approximately 1.3% of the City, and is composed primarily of commercial uses.

- Central Fullerton Component Project Area. The City Council approved a redevelopment plan (the “**Original Central Fullerton Redevelopment Plan**”) and established the Central Fullerton Redevelopment Project (the “**Central Fullerton Component Project Area**”) pursuant to Ordinance No. 2008, adopted on December 17, 1974. The Original Central Fullerton Redevelopment Plan has been amended several times since its adoption, including pursuant to the 2006 Merger Amendment (as so amended, the “**Central Fullerton Redevelopment Plan**”).

The Central Fullerton Component Project Area consists of approximately 710 acres, or approximately 5.0% of the City, and is composed primarily of residential and commercial uses.

- East Fullerton Component Project Area. The City Council approved a redevelopment plan (the “**Original East Fullerton Redevelopment Plan**”) and established the East Fullerton Redevelopment Project (the “**East Fullerton Component Project Area**”) pursuant to Ordinance No. 2006, adopted on December 3, 1974. The Original East Fullerton Redevelopment Plan has been amended several times since its adoption, including pursuant to the 2006 Merger Amendment (as so amended, the “**East Fullerton Redevelopment Plan**”; and together with the Merged Project Area Redevelopment Plan, the Orangefair Redevelopment Plan, and the Central Redevelopment Plan, the “**Redevelopment Plans**”).

The East Fullerton Component Project Area consists of approximately 1,101 acres, or approximately 7.7% of the City, and is composed primarily of residential uses.

- Component Project Area No. 4. The City Council approved a redevelopment plan (the “**Original Project Area No. 4 Redevelopment Plan**”) and established the Redevelopment Project No. 4 (“**Component Project Area No. 4**”) pursuant to Ordinance No. 2776, adopted on August 6, 1991. The Original Project Area No. 4 Redevelopment Plan has been amended several times since its adoption, including pursuant to the 2006 Merger Amendment (as so amended, the “**Project Area No. 4 Redevelopment Plan**”).

The Project Area No. 4 Redevelopment Plan does not provide for the collection or use of incremental tax revenues from Component Project Area No. 4. Therefore, the discussion in this Official Statement and the Fiscal Consultant’s report regarding the Merged Project Area and the projections of Tax Revenues (as hereinafter defined) in this Official Statement and the Fiscal Consultant’s Report do not include Component Project Area No. 4.

- Amended Area. As previously described, pursuant to Ordinance No. 3130, adopted on July 14, 2009, the City Council of the City amended the Original Merged Project Area Redevelopment Plan to include the Amended Area.

The Amended Area consists of two sub-areas, Sub-Area 1, and Sub-Area 2, totaling 1,088 acres. Sub-Area 1 is approximately 337 acres of mixed-use property, located in the western portion of the City, generally along the Commonwealth, Brookhurst and Orangethorpe Avenue commercial corridors and west of Euclid Avenue. Sub-Area 2 is approximately 751 acres of primarily industrial use, located in the southeastern portion

of the City generally bounded by Placentia Avenue on the east, Walnut Avenue on the north and the railroad right of way located to the west of Raymond Avenue on the west.

See "THE MERGED PROJECT AREA" for additional information regarding the Merged Project Area.

Tax Allocation Financing

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues, and the Orange County Auditor-Controller (the "**County Auditor-Controller**") apportioned tax increment revenue to all redevelopment agencies as described in the Redevelopment Law. 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 adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never dropped below the base year level, the taxing agencies receiving property taxes thereafter received only 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 of property taxes produced by applying then current tax rates to the increase in valuation over the base year (less certain items such as payments required to be made with respect to contractual and statutory pass-through obligations). Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

Authority to Issue Refunding Bonds under Dissolution Act

Section 34177.5(a)(1) authorizes the issuance of refunding bonds to provide debt service savings, provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance.

The Dissolution Act authorizes each successor agency to issue refunding bonds secured by a pledge of, and lien on, the revenues that were pledged to the bond or other indebtedness being refunded as well as from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (as defined below) established by the county auditor-controller for the successor agency by the Dissolution Act. See "SECURITY FOR THE 2020 BONDS."

Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described above. See "RISK FACTORS."

Security for the 2020 Bonds

The Dissolution Act requires the County Auditor-Controller to annually determine the amount of property taxes that would have been allocated to the Former Agency from the Merged Project Area had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the "**Redevelopment Property Tax Trust Fund**") pursuant to

the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. See "SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules."

The Dissolution Act further provides that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the 2020 Bonds, are taxes allocated to the successor agency pursuant to the provisions of the Redevelopment Law and the State Constitution.

Under the Dissolution Act, property tax revenues are distributed to the Successor Agency on a semi-annual basis (on January 2 and June 1) based on a Recognized Obligation Payment Schedule submitted by the Successor Agency to the Orange Countywide Oversight Board (the "**Oversight Board**") and the State Department of Finance (the "**DOF**"). The County Auditor-Controller distributes funds from the Redevelopment Property Tax Trust Fund for each six-month period in the order specified in the Dissolution Act. See "SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules."

In accordance with Section 34177.5(a)(1) of the Dissolution Act, the 2020 Bonds are secured by a pledge of, security interest in and lien on all of the Tax Revenues (after the deduction of administrative costs by the County Auditor-Controller pursuant to Health and Safety Code Section 34183(a)), and moneys in certain funds and accounts established and held by the Successor Agency or the Trustee under the Indenture, as further described in this Official Statement. See "Limited Obligation" below. Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described above. See "RISK FACTORS" and see "SECURITY FOR THE 2020 BONDS" for further information regarding the security for the 2020 Bonds.

Parity and Subordinate Debt

Existing Parity Debt. When issued, the 2020 Bonds will be payable from Tax Revenues on a parity with the Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area 2015 Tax Allocation Refunding Bonds (the "**2015 Bonds**"). The 2015 Bonds are outstanding in the aggregate principal amount of \$6,385,000, and have a final maturity of March 1, 2025. The 2015 Bonds, the 2020 Bonds and any future Parity Debt are hereinafter referred to collectively as the "**Bonds**."

On the date the 2015 Bonds were issued, the Successor Agency established a debt service reserve account for the 2015 Bonds (the "**Reserve Account**") by depositing therein a debt service reserve account policy ("**2015 Reserve Policy**") issued by Build America Mutual Assurance Company (the "**2015 Insurer**"). Amounts on deposit in the Reserve Account and draws under the 2015 Reserve Policy are neither pledged nor available to pay debt service on the 2020 Bonds.

No Additional Future Parity Debt. Under the Indenture, after the issuance of the 2020 Bonds, the Successor Agency will not be permitted to issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case

payable from all or any part of the Tax Revenues on a parity with the 2020 Bonds and the 2015 Bonds, except for obligations issued to refund the 2020 Bonds or the 2015 Bonds.

Future Subordinate Debt. Nothing in the Indenture is intended to restrict the ability of the Successor Agency to issue its notes, bonds or other obligations which are secured by a pledge of and lien on the Tax Revenues which are subordinate to the pledge and lien which secures the Bonds. See “THE 2020 BONDS – Parity and Subordinate Debt.”

Limited Obligation

The 2020 Bonds are limited obligations of the Successor Agency issued pursuant to the Successor Agency Resolution (as hereinafter defined), the Oversight Board Resolution (as hereinafter defined) and the Indenture and are secured by a pledge of, security interest in and lien on all of the Tax Revenues (after the deduction of administrative costs by the County Auditor-Controller pursuant to Health and Safety Code Section 34183(a)), and moneys in certain funds and accounts established and held by the Successor Agency or the Trustee under the Indenture, as further described in this Official Statement. The principal of and interest on the 2020 Bonds are not a debt of the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, County, the State nor any of their political subdivisions except the Successor Agency are liable thereon. The principal of and interest on the 2020 Bonds are not payable out of any funds other than those pledged to the payment of the 2020 Bonds pursuant to the Indenture. No member, officer, agent or employee of the Successor Agency, the Oversight Board, the City Council of the City or any person executing the 2020 Bonds is liable personally on the 2020 Bonds by reason of their issuance.

Debt Service Reserve Account

The Successor Agency will establish a debt service reserve account for the 2020 Bonds (the “**2020 Reserve Subaccount**”) by depositing therein the 2020 Reserve Policy in the amount of \$_____, which will satisfy the “**2020 Reserve Requirement**” (as defined below). See “SECURITY FOR THE 2020 BONDS – Debt Service Reserve Account.”

Bond Insurance

Concurrently with the issuance of the 2020 Bonds, _____ will issue its Municipal Bond Insurance Policy (the “**2020 Policy**”) for certain maturities of the 2020 Bonds (the “**2020 Insured Bonds**”). The 2020 Policy guarantees the scheduled payment of principal of and interest on the 2020 Insured Bonds when due as set forth in the form of the 2020 Policy included as Appendix I to this Official Statement. The scheduled payment of principal of and interest on the maturities of the 2020 Bonds to be guaranteed under the 2020 Policy will be determined by the Successor Agency in connection with the pricing of the 2020 Bonds. See “MUNICIPAL BOND INSURANCE.”

Professionals Involved in the Offering

Urban Futures, Inc., Tustin, California, has acted as fiscal consultant to the Successor Agency (the “**Fiscal Consultant**”) and advised the Successor Agency as to the taxable values within the Merged Project Area projected to be available to pay debt service on the 2020 Bonds as described in this Official Statement. The report prepared by the Fiscal Consultant is referred to herein as the “**Fiscal Consultant’s Report**” and is attached as Appendix H.

Urban Futures, Inc., Tustin, California has also acted as municipal advisor to the Successor Agency (the “**Municipal Advisor**”).

Causey Demgen & Moore P.C., Denver, Colorado, is acting as Verification Agent with respect to the proposed prepayment and redemption of the Refunded Obligations (the “**Verification Agent**”).

U.S. Bank National Association, Los Angeles, California, will act as Trustee with respect to the 2020 Bonds.

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), is underwriting the 2020 Bonds.

All proceedings in connection with the issuance of the 2020 Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel to the Successor Agency. A copy of the proposed form of Bond Counsel’s final approving opinion with respect to the 2020 Bonds is attached hereto as Appendix B. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Disclosure Counsel. Jones & Mayer, City Attorney of the City, as general counsel to the Successor Agency, will render certain opinions on behalf of the Successor Agency. Certain legal matters will be passed on for the Underwriter by Kutak Rock LLP, Irvine, California. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, the Municipal Advisor and Underwriter’s Counsel is contingent upon the sale and delivery of the 2020 Bonds.*

COVID-19 Pandemic

The information regarding the Merged Project Area contained in this Official Statement is the latest available, but unless otherwise indicated are as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the Merged Project Area, the City, the Successor Agency and the region. See, in particular, “RISK FACTORS – Public Health Emergencies.”

Risk Factors Associated with Purchasing the 2020 Bonds

Investment in the 2020 Bonds involves risks that may not be appropriate for some investors. See “RISK FACTORS” for a discussion of certain risk factors which should be considered, including the potential impact of the COVID-19 pandemic, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2020 Bonds.

Further Information

Brief descriptions of the Redevelopment Law, the Dissolution Act, the Refunding Law, the 2020 Bonds, the Indenture, the Successor Agency, the Former Agency, the Redevelopment Plans, the Merged Project Area and its components, and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Redevelopment Law, the Dissolution Act, the Refunding Law, the 2020 Bonds, the Indenture, the Redevelopment Plans, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Successor Agency and the City are qualified in their entirety by reference to such documents and laws. References

in this Official Statement to the 2020 Bonds are qualified in their entirety by the form included in the Indenture and by the provisions of the Indenture. Capitalized terms used in this Official Statement and not otherwise defined shall have the meanings given to such terms as set forth in the Indenture. During the period of the offering of the 2020 Bonds, copies of the draft forms of all documents are available from the Underwriter or the City Clerk, 303 West Commonwealth Ave., Fullerton, California 92832.

REFUNDING PLAN

Refunding of Refunded Obligations

General. Pursuant to an escrow agreement (the “**Escrow Agreement**”), by and among the Successor Agency, the Authority and U.S. Bank National Association, acting in its capacity as escrow agent (in such capacity, the “**Escrow Agent**”), the Successor Agency will deliver a portion of the proceeds of the 2020 Bonds, along with other available amounts, to the Escrow Agent for deposit in an escrow account established under the Escrow Agreement with respect to the 2005 Loans (the “**2005 Escrow Account**”), and an escrow account established under the Escrow Agreement with respect to the 2010 Bonds (the “**2010 Escrow Account**”).

2005 Loans. The Escrow Agent will hold the funds on deposit in the 2005 Escrow Account [in cash, uninvested]. From the moneys on deposit in the 2005 Escrow Account, the Escrow Agent will prepay, on [September 1, 2020], the principal outstanding under the 2005 Loans together with accrued interest thereon and, on such date, the Authority will use the proceeds from such prepayment to refund all of the outstanding 2005 Bonds and the accrued interest thereon to the date of repayment.

Pursuant to the 2005 Loan Agreements, the 2005 Loans will be deemed to have been discharged upon deposit with the Escrow Agent, in trust, of money or permitted defeasance securities which, together with the available amounts then on deposit in the funds and accounts established under the 2005 Loan Agreements is fully sufficient to pay and discharge the indebtedness on the 2005 Loans (including all principal and interest).

2010 Bonds. The Escrow Agent will hold the funds on deposit in the 2010 Escrow Account [in cash, uninvested]. From the moneys on deposit in the 2010 Escrow Account, the Escrow Agent will pay, on or about _____, 2020, the outstanding principal amount of all of the 2010 Bonds and the accrued interest thereon to the date of repayment.

Pursuant to the 2010 Indenture all of the outstanding 2010 Bonds will be deemed to have been defeased upon deposit with an escrow agent, in trust, of money or permitted defeasance securities which, together with the available amounts then on deposit in the funds and accounts established pursuant to the 2010 Indenture is fully sufficient to pay all of the outstanding 2010 Bonds, including all principal, interest and redemption premiums thereon if any.

The amounts held by the Escrow Agent in the 2005 Escrow Account and the 2010 Escrow Account are pledged solely to the amounts due and payable by the Successor Agency under the 2005 Loan Agreements and the 2010 Indenture, respectively, with respect to the 2005 Loans and the 2010 Bonds, respectively. The funds deposited in the 2005 Escrow Account and the 2010 Escrow Account will not be available for the payment of debt service with respect to any indebtedness other than the Refunded Obligations.

Verification of Mathematical Accuracy

The sufficiency of the deposits in the Escrow Fund for the purposes described above will be verified by the Verification Agent. Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds as provided in the 2005 Escrow Account and the 2010 Escrow Account, the Successor Agency's obligations under the 2005 Loan Agreements and the 2010 Indenture with respect to the Refunded Obligations will be discharged.

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds are summarized below.

	<u>2020A Bonds Amount</u>	<u>2020B Bonds Amount</u>
Sources:		
Principal Amount		
<i>Plus/Less:</i> [Net] Original Issue Premium/Discount		
<i>Plus:</i> Refunded Obligations - Available Funds		
<i>Less:</i> Underwriter's Discount		
Total Sources		
Uses:		
Prepay 2005 Loans		
Redeem 2010 Bonds		
Costs of Issuance ⁽¹⁾		
Total Uses		

(1) Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Fiscal Consultant, Municipal Advisor, Trustee, Escrow Agent, the Verification Agent, premiums for the 2020 Policy and the 2020 Reserve Policy, Successor Agency administrative staff, City Attorney as general counsel to the Successor Agency, printing expenses, rating fee and other costs related to the issuance of the 2020 Bonds.

Debt Service Schedule

The following table shows the annual debt service schedule for the 2015 Bonds and the 2020 Bonds, assuming no optional redemption of [such bonds] prior to their respective maturities.

Bond Year Ending September 1	Total 2015 Bonds Debt Service⁽¹⁾	2020A Bonds Principal	2020A Bonds Interest	2020B Bonds Principal	2020B Bonds Interest	Total Debt Service
2021	\$1,285,750					
2022	1,285,000					
2023	1,291,000					
2024	1,295,500					
2025	1,050,625					
2026	--					
2027	--					
Total	\$6,207,875					

(1) The final payment of debt service on the 2015 Bonds is March 1, 2025.

THE 2020 BONDS

Authority for Issuance

The issuance of the 2020 Bonds and the execution and delivery of the Indenture were authorized by the Successor Agency pursuant to Resolution No. __ adopted on [July 7, 2020] (the “**Successor Agency Resolution**”), and approved by the Oversight Board pursuant to Resolution No. __ adopted on [July 21, 2020] (the “**Oversight Board Resolution**”).

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF.

On _____, 2020, the DOF provided a letter to the Successor Agency stating that based on the DOF’s review and application of the law, the Oversight Board Resolution approving the 2020 Bonds is approved by the DOF. See “APPENDIX F – STATE DEPARTMENT OF FINANCE APPROVAL LETTER.”

Section 34177.5(f) of the Dissolution Act provides that when, as here, a successor agency issues refunding bonds with the approval of the oversight board and the DOF, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the Recognized Obligation Payment Schedules and are not subject to further review and approval by the DOF or the California State Controller.

Description of the 2020 Bonds

The 2020 Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no 2020 Bond shall mature on more than one date, initially in the name of Cede & Co., as nominee for The Depository Trust Company

("**DTC**"), New York, New York, as registered owner of all 2020 Bonds. The initially executed and delivered 2020 Bonds will be dated the date of delivery (the "**Closing Date**") and mature on September 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the 2020 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on March 1 and September 1 in each year (each an "**Interest Payment Date**"), commencing on [March 1, 2021].

Each 2020 Bond 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) it is authenticated on or before [February 15, 2021], in which event it shall bear interest from its 2020 Closing Date; provided, however, that if, as of the date of authentication of any 2020 Bond, interest thereon is in default, such 2020 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. "**Record Date**" as defined in the Indenture means, with respect to any Interest Payment Date, the close of business on the 15th calendar day of the month preceding such Interest Payment Date, whether or not such 15th day is a Business Day.

Interest on the 2020 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the registration books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of either the 2020A Bonds or the 2020B Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2020A Bonds or such 2020B Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request. The principal of the 2020 Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

One fully-registered bond will be issued for each maturity of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX C – BOOK-ENTRY ONLY SYSTEM."

Redemption*

[Optional Redemption. The 2020A Bonds maturing on or prior to September 1, 20__ are not subject to optional redemption. The 2020A Bonds maturing on or after September 1, 20__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after September 1, 20__, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

* Preliminary; Subject to change.

The 2020B Bonds maturing on or prior to September 1, 20__ are not subject to optional redemption. The 2020B Bonds maturing on or after September 1, 20__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after September 1, 20__, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.]

Mandatory Sinking Fund Redemption. The 2020A Bonds that are term bonds maturing September 1, 20__ (the “**2020A Term Bonds**”) shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, 20__, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following table; provided however, that if some but not all of such 2020A Term Bonds have been redeemed pursuant to the Indenture, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such 2020A Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

2020A Term Bonds of 20__

September 1	Principal Amount
	\$

*

* Maturity.

The 2020B Bonds that are term bonds maturing September 1, 20__ (the “**2020B Term Bonds**”) shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, 20__, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following table; provided however, that if some but not all of such 2020B Term Bonds have been redeemed pursuant to the Indenture, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such 2020B Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

2020A Term Bonds of 20__

September 1

Principal Amount

\$

*

* Maturity.

Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail) notice of any redemption to the respective Owners of any 2020 Bonds designated for redemption at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such 2020 Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the 2020 Bonds of such maturity or maturities in whole) of the 2020 Bonds to be redeemed, and shall require that such 2020 Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such 2020 Bonds will not accrue from and after the redemption date and with regard to optional redemption in the event that funds required to pay the redemption price are not on deposit under the Indenture at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Trustee on or prior to the redemption date.

Manner of Redemption. Whenever provision is made for the redemption of less than all of the 2020 Bonds, the Trustee shall select the 2020 Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all 2020 Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate 2020 Bonds which may be separately redeemed.

Partial Redemption. If only a portion of a 2020 Bond is called for redemption, then upon surrender of such 2020 Bond the Successor Agency will execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new - 2020 Bond or 2020 Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed.

Effect of Redemption. If notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the 2020 Bonds so called for redemption have been duly provided, from and after the date fixed for redemption such 2020 Bonds shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Rescission. The Successor Agency has the right to rescind any notice of the optional redemption of 2020 Bonds by written notice to the Trustee on or prior to the date fixed for

redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2020 Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Successor Agency and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the notice of redemption was sent.

Parity and Subordinate Debt

Existing Parity Debt. When issued, the 2020 Bonds will be payable from Tax Revenues on a parity with the 2015 Bonds. The 2015 Bonds are outstanding in the aggregate principal amount of \$6,385,000, and have a final maturity of March 1, 2025.

No Additional Future Parity Debt. Under the Indenture, after the issuance of the 2020 Bonds, the Successor Agency will not be permitted to issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues on a parity with the 2020 Bonds and the 2015 Bonds, except for obligations issued to refund the 2020 Bonds or the 2015 Bonds.

Future Subordinate Debt. Nothing in the Indenture is intended to restrict the ability of the Successor Agency to issue its notes, bonds or other obligations which are secured by a pledge of and lien on the Tax Revenues which are subordinate to the pledge and lien which secures the Bonds.

THE DISSOLUTION ACT

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. See "SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules."

The Dissolution Act further provides that bonds authorized by the Dissolution Act to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the 2020 Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plans, taxes levied upon taxable property in the Merged Project Area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "**taxing agencies**") after the effective date of the ordinance approving Redevelopment Plans, or the respective effective dates of ordinances approving amendments to applicable Redevelopment Plans that added territory to the applicable project area, if any, are to be divided as follows:

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in applicable project area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to a Redevelopment Plan that added territory to the applicable project area, if any (the "**base year valuation**"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest

on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the applicable Redevelopment Plan, if applicable, following the date of issuance of the 2020 Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above. Pursuant to SB 107, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects, and programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. No such override revenues are pledged as security for the 2020 Bonds.

SECURITY FOR THE 2020 BONDS

The County Auditor-Controller will deposit property tax revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the Dissolution Act, including *inter alia* Health and Safety Code sections 34183 and 34170.5(b). The 2015 Bonds and the 2020 Bonds are payable from and secured by the Tax Revenues (after the deduction of administrative costs by the County Auditor-Controller pursuant to Health and Safety Code Section 34183(a)), and moneys in certain funds and accounts established under the Indenture as described below, as further described in this Official Statement. See “Limited Obligation” below.

Pledge Under the Indenture

For the security of the Bonds, pursuant to the Indenture, the Successor Agency grants a first pledge of and lien on all of the Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund. The Bonds shall be additionally secured by all moneys in the Debt Service Fund, including the Interest Account, the Principal Account, the Reserve Account (but only with respect to the 2015 Bonds), the 2020 Reserve Subaccount (but only with respect to the 2020 Bonds), and the Redemption Account. Except for the Tax Revenues and other funds pledged thereunder for the security of the Bonds, no funds of the Successor Agency are 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 hold the same from time to time, the Indenture constitutes a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements therein set forth to be performed on behalf of the Successor Agency are 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 in the Bonds.

Tax Revenues

Definition. The term “**Tax Revenues**” is defined in the Indenture to mean all taxes: (a) that were eligible for allocation to the Former Agency with respect to the Merged Project Area and are allocated to the Successor Agency 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 of California, or pursuant to other applicable laws of the State of California; and (b) that are deposited or available for deposit by the Auditor-Controller of the County in the Redevelopment Property Tax Trust Fund, all as provided in Section 34172(d) of the California Health and Safety Code.

Housing Set-Aside. Before it was amended by the Dissolution Act, the Redevelopment Law required the Former Agency to set aside not less than 20% of all tax increment generated in the Merged Project Area into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as “Housing Set-Aside.”

The Dissolution Act eliminates the characterization of certain tax increment revenues as Housing Set-Aside. As a result, and because the Successor Agency will not have any obligations that will be payable from Housing Set-Aside after the issuance of the 2020 Bonds, the former Housing Set-Aside will be available to pay debt service on the 2020 Bonds; the projection of Tax

Revenues prepared by the Fiscal Consultant and set forth in the section of this Official Statement entitled “THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage,” assumes the availability of the former Housing Set-Aside for this purpose.

Flow of Funds Under the Indenture

General. The Successor Agency previously established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act and has agreed to hold and maintain the Redevelopment Obligation Retirement Fund as long as any of the Bonds are Outstanding or any amounts are due and owing to the Bond Insurer in respect of the [Bond Insurance Policy] or the Reserve Policy.

Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund. The Indenture provides that the Successor Agency will deposit all of the Tax Revenues received in any Bond Year into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. In the event the rating on general fund obligations of the City falls below A- from S&P, the Successor Agency will maintain the Redevelopment Obligation Retirement Fund as a separate account with the Trustee or another banking institution.

If the amounts on deposit in the Redevelopment Obligation Retirement Fund are at any time insufficient to enable the Successor Agency to make transfers as required under the Indenture to pay the principal of and interest on all outstanding 2015 Bonds and 2020 Bonds in full when due, or to replenish the Reserve Account and 2020 Reserve Subaccount (including reimbursement of all amounts due and owing to the 2015 Insurer in respect of the Reserve Policy and the 2020 Insurer in respect of the 2020 Reserve Policy), the Successor Agency shall make such transfers on a pro rata basis.

All Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to pay the principal of and interest on all outstanding 2015 Bonds and 2020 Bonds coming due and payable during such Bond Year, and to restore the required balance in the Reserve Account and the 2020 Reserve Subaccount, shall be released from the pledge and lien hereunder for the security of the Bonds and may be applied by the Successor Agency for any lawful purposes of the Successor Agency.

Debt Service Fund; Transfer of Amounts to Trustee. The Trustee has established a trust fund to be known as the Debt Service Fund, which is held in trust by the Trustee under the Indenture. In addition to the transfers required to be made from the Redevelopment Obligation Retirement Fund for the replenishment of the Reserve Account (including reimbursement of all amounts due and owing to the Bond Insurer in respect of the Reserve Policy) and the 2020 Reserve Subaccount, the Successor Agency shall transfer amounts on deposit in the Redevelopment Obligation Retirement Fund to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are established with the Trustee, in the following order of priority:

Interest Account. On or before the 5th Business Day preceding each date on which interest on the Bonds is due and payable, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on

the Outstanding Bonds on such date. The Trustee will apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

Principal Account. On or before the 5th Business Day preceding each date on which principal of the Bonds is due and payable, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on such date on the Outstanding Bonds. The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at maturity.

Reserve Account. Pursuant to the Indenture, a separate account within the Debt Service Fund has been established to be known as the "Reserve Account" as security for the 2015 Bonds and a subaccount named the "2020 Reserve Subaccount" as security for the 2020 Bonds. Amounts in the Reserve Account and the 2020 Reserve Subaccount shall secure and be applied to pay only the 2015 Bonds and 2020 Bonds, respectively, and no other. See "– Debt Service Reserve Account" for further information regarding the Reserve Account and the 2020 Reserve Subaccount.

Redemption Account. On or before the 5th Business Day preceding any date on which Bonds are subject to optional redemption, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be so redeemed on such date.

Debt Service Reserve Account

Definition of 2020 Reserve Requirement. The Indenture defines "**2020 Reserve Requirement**" to mean as of any date of computation the lesser of (a) Maximum Annual Debt Service with respect to the 2020 Bonds, (b) 125% of average Annual Debt Service with respect to the 2020 Bonds, and (c) ten percent (10%) of the original principal amount of the 2020 Bonds (or, if the 2020 Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of the 2020 Bonds). The initial 2020 Reserve Requirement equals \$_____; in no event shall the 2020 Reserve Requirement exceed \$_____.

The 2020 Reserve Requirement will be satisfied by the delivery of the 2020 Reserve Policy by the 2020 Insurer on the 2020 Closing Date with respect to the 2020 Bonds. The Successor Agency will have no obligation to replace the 2020 Reserve Policy or to fund the 2020 Reserve Subaccount with cash if, at any time that the 2020 Bonds are Outstanding, amounts are not available under the 2020 Reserve Policy other than in connection with a draw on the 2020 Reserve Policy. Under the terms and conditions of the 2020 Reserve Policy, the Trustee shall deliver to the 2020 Insurer a demand for payment under the 2020 Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth in the Indenture. The Trustee shall comply with all of the terms and provisions of the 2020 Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the 2020 Reserve Subaccount, within the limits of the coverage amount provided by the 2020 Reserve Policy. All amounts drawn by the Trustee under the 2020 Reserve Policy will be deposited into the 2020 Reserve Subaccount and applied for the purposes thereof.

Replenishment of the Reserve Account and 2020 Reserve Subaccount. If the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time

becomes less than the Reserve Requirement, the Trustee shall notify the Successor Agency and the 2015 Insurer of such fact. If the Trustee has actual knowledge that the amount on deposit in the 2020 Reserve Subaccount at any time becomes less than the 2020 Reserve Requirement, the Trustee shall notify the Successor Agency and the 2020 Insurer of such fact. Upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount of available Tax Revenues sufficient to (a) maintain the Reserve Requirement on deposit in the Reserve Account (including the reimbursement of all amounts due and owing to the 2015 Insurer in respect of the Reserve Policy) and (b) maintain the 2020 Reserve Requirement on deposit in the 2020 Reserve Subaccount (including the reimbursement of all amounts due and owing to the 2020 Insurer in respect of the 2020 Reserve Policy). Deposits to replenish the Reserve Account and the 2020 Reserve Subaccount shall be made on a pro-rata basis to ensure parity treatment of the 2015 Bonds and the 2020 Bonds.

Use of Moneys in the Reserve Account. Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in such order of priority, on any date which the principal of or interest on the 2015 Bonds becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the 2015 Bonds then Outstanding. So long as no Event of Default has occurred and is continuing, any amount in the Reserve Account in excess of the Reserve Requirement on or before the sixth Business Day preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account.

Amounts in the 2020 Reserve Subaccount shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in such order of priority, on any date which the principal of or interest on the 2020 Bonds becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the 2020 Bonds then Outstanding. So long as no Event of Default has occurred and is continuing, any amount in the 2020 Reserve Subaccount in excess of the 2020 Reserve Requirement on or before the sixth Business Day preceding each Interest Payment Date shall be withdrawn from the 2020 Reserve Subaccount by the Trustee and deposited in the Interest Account.

See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for a summary of certain additional provisions in the Indenture regarding the 2020 Reserve Policy.

Limited Obligation

The 2020 Bonds are not a debt of the City, the State or any of their political subdivisions except the Successor Agency, and none of the City, the State or any of their political subdivisions except the Successor Agency are liable therefor. The 2020 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member of the Successor Agency, the Oversight Board or the City Council of the City shall be individually or personally liable for the payment of the principal of or interest on the 2020 Bonds; but nothing contained in the Indenture relieves any such member, officer, agent or employee from the performance of any official duty provided by law.

Recognized Obligation Payment Schedules

Submission of Recognized Obligation Payment Schedule. The Dissolution Act requires successor agencies to prepare, and submit to the successor agency’s oversight board

and the DOF for approval, a Recognized Obligation Payment Schedule (the “**Recognized Obligation Payment Schedule**”) pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

Commencing on February 1, 2016, successor agencies were transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies are required to file Recognized Obligation Payment Schedules with the DOF and the County Auditor-Controller for approval on or before each February 1 for the July 1 through June 30 period immediately following such February 1. For example, on February 1, 2020, the Successor Agency was required to file a Recognized Obligation Payment Schedule for the period commencing July 1, 2020 through June 30, 2021.

In addition, commencing on September 22, 2015, successor agencies that have received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a “Last and Final” Recognized Obligation Payment Schedule pursuant to Section 34191.6(a) of the Law. If approved by the DOF, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency would no longer submit annual Recognized Obligation Payment Schedules to the DOF or the Oversight Board. The county auditor-controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation is fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. [The Successor Agency has covenanted in the Indenture not to file a Last and Final Recognized Obligation Payment Schedule without the consent of the 2020 Insurer unless all amounts that could become due and payable to the 2020 Insurer under the 2020 Insurance Policy, the 2020 Reserve Policy, and the Indenture are included in such Last and Final Recognized Obligation Payment Schedule, as so amended].

Payment of Amounts Listed on the Recognized Obligation Payment Schedule. As defined in the Dissolution Act, “**enforceable obligation**” includes bonds, including the required debt service, reserve set-asides (including the Reserve Account and the 2020 Reserve Subaccount), and any other payments required under the Indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency or the successor agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency or the successor agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency’s low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

Order of Priority of Distributions from Redevelopment Property Tax Trust Fund.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, a county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act:

- (i) first, subject to certain adjustments for subordinations (as described below) to the extent permitted under the Dissolution Act and no later than each January 2 and June 1, to each local taxing agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations (see “SECURITY FOR THE 2020 BONDS – Statutory Pass-Through Payments”);
- (ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments (and amounts required to replenish the related reserve funds, if any) scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;
- (iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and
- (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity’s share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for statutory pass-through obligations to the taxing entities on each January 2 and June 1 before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation Retirement Fund, unless: (i) pass-through payment obligations have been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Successor Agency; (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the applicable January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency’s enforceable obligations, pass-through payments and the Successor Agency’s administrative cost allowance for the applicable Recognized Obligation Payment Schedule period; and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes.

If the requirements set forth in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed on the applicable January 2 or June 1 property tax distribution date (as adjusted for weekends and holidays). To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted

from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments and the Successor Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable Recognized Obligation Payment Schedule period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under subordinated negotiated pass-through agreements, if any, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Successor Agency may make statutory pass-through payments subordinate to the 2020 Bonds. The Successor Agency neither requested nor obtained the consent of any of the taxing entities within the Merged Project Area to subordinate their respective rights to receive statutory pass-through payments. Therefore, the payment of debt service on the 2020 Bonds is subordinate to the payment of statutory pass-through payments with respect to the Merged Project Area. The Former Agency did not enter into any negotiated pass-through agreements with respect to any of the Component Project Areas.

See "SECURITY FOR THE 2020 BONDS – Statutory Pass-Through Payments" and "– No Negotiated Pass-Through Agreements."

Sources of Payments for Enforceable Obligations. Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the former low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance (successor agencies are entitled to receive not less than \$250,000, unless that amount is reduced by the oversight board), (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by a successor agency and only from the funds specified in the Recognized Obligation Payment Schedule.

Relevant Covenant by the Successor Agency. The Successor Agency covenants in the Indenture that it will comply with all of the requirements of the Dissolution Act. The Successor Agency further covenants in the Indenture that it will take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor Agency to pay timely principal of, and interest on, all outstanding Bonds coming due in such Bond Year. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedules for approval by the Oversight Board and the DOF, the amounts to be held by the Successor Agency as a reserve until the next Semiannual 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 Semiannual Period.

Without limiting the generality of the foregoing paragraph, the Successor Agency will take all actions required under the Dissolution Act to include on the Recognized Obligation Payment Schedules for each Semiannual Period all payments to the Trustee to satisfy the requirements of the Indenture, including any amounts required to replenish the respective reserve accounts established for the Bonds, and including any amounts due and owing to the 2015 Bond Insurer and the 2020 Insurer in respect of the Bond Insurance Policy or Reserve Policy and 2020 Bond Insurance Policy or 2020 Reserve Policy, respectively. For each Semiannual Period, the Successor Agency shall request an amount of Tax Revenues on the Recognized Obligation Payment Schedules as follows:

- (a) for the Semiannual Period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, the Successor Agency shall request an amount of Tax Revenues which is at least equal to one-half of the aggregate amount of principal of and interest on the Bonds during the Bond Year which ends on September 1 in such calendar year;
- (b) For the Semiannual Period beginning on July 1 of any calendar year and ending on December 31 of such calendar year, the Successor Agency shall request an amount of Tax Revenues which is required, together with amounts then reserved from any prior Semiannual Period, to pay 100% of the amount of principal of and interest on the Bonds coming due during such Semiannual Period; and
- (c) any amounts required to make payments due to the 2015 Bond Insurer and the 2020 Insurer in respect of the Bond Insurance Policy or Reserve Policy and 2020 Bond Insurance Policy or 2020 Reserve Policy, respectively.

The provisions of the Indenture relating to Semiannual Periods shall apply only so long as the Successor Agency is required to prepare and file Recognized Obligation Payment Schedules on the basis of a Semiannual Period under the Dissolution Act. The Indenture further provides that, in the event the Dissolution Act is amended to provide for the filing of Recognized Obligation Payment Schedules on an annual basis, the Successor Agency shall be obligated to include in each such Recognized Obligation Payment Schedule the aggregate amount of principal of and interest on the Bonds. As previously described, the Dissolution Act has been so amended.

The Successor Agency shall provide the 2015 Bond Insurer and 2020 Bond Insurer with copies of all Recognized Obligation Payment Schedules submitted and any and all correspondence received from the DOF, upon receipt. In the event that the Successor Agency is a party to a meet and confer with the California Department of Finance, the Successor Agency shall timely notify the 2015 Bond Insurer and 2020 Bond Insurer of such fact and the 2015 Bond Insurer and 2020 Bond Insurer shall have the right to participate in the meet and confer process either by appearance with the Successor Agency at the meeting or through written submission, as the 2015 Bond Insurer and 2020 Bond Insurer determines in their discretion. In the event the Successor Agency receives a denial from the DOF with respect to any Recognized Obligation Payment Schedules, whether relating to the Insured Bonds or not, and such denial could delay the receipt of tax revenues necessary to pay debt service or Policy Costs relating to the Bonds, the Successor Agency agrees to cooperate in good faith with the 2015 Bond Insurer and 2020 Bond Insurer and the 2015 Bond Insurer and 2020 Bond Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the DOF and to discuss such matters with the DOF directly.

In the event the Successor Agency fails to timely file any Recognized Obligation Payment Schedules relating to the Insured Bonds for any period, the Successor Agency designates the Bond Insurer as its attorney in fact with the power to file a Recognized Obligation Payment Schedule with respect to the Insured Bonds.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period (or otherwise) to pay the principal of and interest on the 2015 Bonds and the 2020 Bonds. See “RISK FACTORS.”

History of Submission of the Recognized Obligation Payment Schedules. The Successor Agency has procedures in place to ensure full and timely compliance with the above-described covenant. Under the direction of the City Manager as Executive Director, the Successor Agency has submitted all previous Recognized Obligation Payment Schedules of the Successor Agency on a timely basis.

There are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board, the County Auditor-Controller and the DOF on or before each February 1 (unless the Successor Agency submits and obtains approval from the DOF of a Last and Final Recognized Obligation Payment Schedule), then the Successor Agency will be subject to a \$10,000 per day civil penalty for every day the schedule is not submitted to the DOF. See “– Submission of Recognized Obligation Payment Schedule” above for discussion regarding submission of Last and Final Recognized Obligation Payment Schedule. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the DOF within 10 days of the deadline, then the Successor Agency’s maximum administrative cost allowance may be reduced by up to 25%. If the Successor Agency fails to submit a ROPS by the February 1 deadline, any creditor of the successor agency or the DOF or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Successor Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications for the 2020 Bonds, see “RISK FACTORS – Recognized Obligation Payment Schedules.”

No Negotiated Pass-Through Agreements

Prior to the effectiveness of Assembly Bill 1290 (“**AB 1290**”) in 1994, under the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any affected taxing agency that has territory located within a redevelopment project in an amount which in the redevelopment agency’s determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. Such agreements typically provided for payment or pass-through of tax increment revenue directed to the affected taxing entity, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements. The Former Agency did not enter into any pass-through agreements with respect to any of the Component Project Areas, and therefore no such payments are required with respect to the Merged Project Area.

Statutory Pass-Through Payments

General. In certain circumstances, Sections 33607.5 and 33607.7 of the Redevelopment Law require redevelopment agencies and successor agencies to make statutory pass-through

payments to taxing agencies whose territory is located within a redevelopment project area, to alleviate the financial burden or detriment caused by the redevelopment project.

Generally speaking, the County Auditor-Controller is required to deduct from the Successor Agency's Redevelopment Property Tax Trust Fund to pay to the affected taxing agencies percentages of tax increment generated in a project area as follows:

Tier 1: throughout the period that the Successor Agency is eligible to receive property tax revenues from a project area, 25% of revenues in excess of revenues generated in such project area from the date the applicable Redevelopment Plan for such project area was adopted, for post-1994 plans, and from the year in which one of several specified plan limitations would have been reached, in the absence of an amendment to a redevelopment plan extending or eliminating such limitation, for pre-1994 plans with such amendments, all computed as though housing set-aside is still in effect; plus,

Tier 2: for the 11th year of the receipt of tax increment and thereafter, 21% of revenues in excess of revenues based on assessed values in the applicable project area for the 10th year of statutory pass-through payments; plus,

Tier 3: for the 31st year of the receipt of tax increment and thereafter, 14% of revenues in excess of revenues based on assessed values in the applicable project area for the 30th year of statutory pass-through payments.

Statutory Pass-Through Obligations. On and after January 1, 1994 (the effective date of AB 1290), the former tax increment revenues a redevelopment agency could receive from a redevelopment project were reduced by certain mandatory statutory pass-through payments paid pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law to affected taxing entities pursuant to the Redevelopment Law. Any amendment of a redevelopment plan after January 1, 1994 that increased the amount of tax increment revenues to be received in a project area or extended any of the time limits in a redevelopment plan also triggered such payments to affected taxing entities. These payments, which were to begin the fiscal year following the adoption of the project area, or in the case of payments triggered by an amendment, in the year after the project area's original plan limitations would have taken effect, are calculated using the increase in revenue over the revenue in the last assessment roll published before the redevelopment plan was adopted, for new plans, or the amount of revenue generated by the project area in the year that the former limit would have been reached, for amendments. With respect to project areas formed or territory added to existing project areas after January 1, 1994, AB 1290 required redevelopment agencies to commence making pass-through payments under 33607.5 of the Redevelopment Law upon formation of such project areas. Under the Dissolution Act, in particular Section 34183, the County Auditor-Controller is obligated to remit these statutory pass-through payments to the affected taxing entities from the Redevelopment Property Tax Trust Fund on each January 2 and July 1.

The Redevelopment Plans for the Orangefair Component Project Area, the Central Fullerton Component Project Area, and the East Fullerton Component Project Area were each amended by the City Council pursuant to ordinances adopted on March 5, 2002, in a manner that triggered the payment of statutory pass-through payments pursuant to Section 33607.7 of the Redevelopment Law with respect to such project areas. Accordingly, the Successor Agency is required to make statutory pass-through payments under such section of the Redevelopment Law with respect to such project areas.

The Amended Area was established by the City Council of the City after January 1, 1994, the effective date of AB 1290. However, because the assessed value first exceeded the base year value of the Amended Area in fiscal year 2017-18, the Successor Agency was first required to commence making statutory pass-through payments to taxing entities within such area in such fiscal year pursuant to Section 33607.5.

No Subordination of Statutory Pass-Through Payments. Statutory pass-through payments are payable on a senior basis to debt service on bonds under the Dissolution Act, unless the pass-through payments have been subordinated. The Redevelopment Law, as amended by the Dissolution Act, allows statutory pass-through payments to be subordinated to debt service on the Successor Agency's bonds. The Successor Agency neither requested nor obtained the consent of any of the taxing entities within the Merged Project Area to subordinate their respective rights to receive statutory pass-through payments. Therefore, the payment of debt service on the 2020 Bonds is subordinate to the payment of statutory pass-through payments with respect to the Merged Project Area.

See "APPENDIX H – FISCAL CONSULTANT'S REPORT" for further information regarding the commencement of the Former Agency's obligation to make statutory pass-through payments.

MUNICIPAL BOND INSURANCE

The following information has been furnished by the 2020 Insurer for use in this Official Statement. No representation is made by the Successor Agency or the Underwriter as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. See APPENDIX I for a specimen of the 2020 Policy.

[To come]

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to ad valorem taxes is classified as “secured” or “unsecured.” Secured and unsecured property are entered on separate parts of the assessment roll maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Generally, ad valorem taxes are collected by a county (the “**Taxing Authority**”) for the benefit of the various entities (e.g., cities, schools and special districts) that share in the ad valorem tax (each a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Funds.

Collections. Assessed values of secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder’s office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31.

On May 6, 2020, the Governor issued Executive Order N-61-20, which suspended through May 6, 2021 the imposition of penalties, costs, and interest on overdue property taxes where the taxes owed were not delinquent prior to the March 4, 2020 declaration of a state of emergency and the taxpayer demonstrates to the tax collector [Additionally, on March 24, 2020, the County Auditor-Controller, Treasurer, Tax Collector announced that he would waive penalties for payments made after April 10, 2020, but no later than June 30, 2020 on qualifying properties if

the late payment was a result of an economic or financial hardship and/or inability to tender payment due to a COVID-19 stay-at-home order. Waivers are not automatic and are subject to approval by the County Auditor-Controller, Treasurer, Tax Collector. Property owners are required to submit a claim requesting a waiver to the County Auditor-Controller, Treasurer, Tax Collector together with an explanation for the late payment. If approved, property taxes are required to be paid by June 30, 2020.]

See “PROPERTY TAXATION IN CALIFORNIA – No Teeter Plan.”

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 (Chapter 498 of the Statutes of 1983) provides for the reassessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Such reassessment is referred to as the supplemental assessment and is determined by applying the current year’s tax rate to the amount of increase or decrease in a property’s value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against real property.

Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased or decreased property taxes from the new assessments for up to 14 months. Since fiscal year 1984-85, revenues derived from supplemental assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. This statute provides increased or decreased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Merged Project Area, Tax Revenues may increase or decrease. The projections of Tax Revenues in the Fiscal Consultant’s Report and this Official Statement do not include supplemental assessments. See “APPENDIX H – FISCAL CONSULTANT’S REPORT” for additional information regarding supplemental assessments.

Property Tax Administrative Costs. In 1990, the State Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to recover charges for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each, in an amount equal to the fiscal year 1989-90 property tax administration costs, as adjusted annually. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, the County Auditor-Controller levies a charge as a percentage of gross tax increment revenues from the Merged Project Area for managing the property tax allocation process.

The County’s SB 2557 charges and charges for managing the property tax allocation process for fiscal year 2019-20 were approximately 0.663% of the gross tax increment revenues from the Merged Project Area. **The administrative charges of the County described above are payable on a senior basis to debt service on the 2015 Bonds and the 2020 Bonds.**

The projections of Tax Revenues in the Fiscal Consultant’s Report and this Official Statement assume that the County’s administrative charges for fiscal year 2020-21 and each fiscal year thereafter will be 0.663% of the gross tax increment revenues from the Merged Project Area, based on the County’s actual collection charges for fiscal year 2019-20. See “APPENDIX

H – FISCAL CONSULTANT’S REPORT” and “THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage.”

Recognized Obligation Payment Schedule. See “SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules” and “RISK FACTORS – Recognized Obligation Payment Schedules.”

No Teeter Plan

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce Tax Revenues and, accordingly, could have an adverse impact on the ability of the Successor Agency to pay debt service on the Bonds. The County has adopted an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”) for the collection and payment of taxes pursuant to which it pays 100% of the amount levied to participating agencies without regard to the actual amount of collections, but the Successor Agency does not participate in the County’s Teeter Plan and, as a result, the Successor Agency receives only the incremental tax revenues actually collected; therefore, delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency’s ability to make timely debt service payments.

See “– Property Tax Collection Procedures – Delinquencies” for a discussion of the Governor’s Executive Order N-61-20 and the acceptance of the Office of the Treasurer-Tax Collector of requests for penalty cancellation requests. See “THE MERGED PROJECT AREA – No Teeter Plan; Annual Tax Receipts to Tax Levy” and “RISK FACTORS – Public Health Emergencies.”

Unitary Property

Legislation enacted in 1986 and 1987 provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization (“**SBE**”), other than railroads. Prior to fiscal year 1988-89, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area.

Assembly Bill (“**AB**”) 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (ii) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity’s share would be reduced pro rata county wide; and (iii) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity’s local secured taxable values are to the local secured taxable values of the county. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the SBE. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula.

Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County Auditor Controller no longer includes the taxable value of utilities as part of the reported taxable values of a project area; therefore, the respective base year value of each of the Component Project Areas and the Amended Area have been reduced by the amount of utility value that existed originally in the base year. The Fiscal Consultant reports that approximately \$534,000 in unitary tax revenue was allocated to the Successor Agency with respect to the Merged Project Area for fiscal year 2019-20.

The projections of Tax Revenues in the Fiscal Consultant's Report and this Official Statement assume that unitary revenues for fiscal year 2020-21 and each fiscal year thereafter will remain constant at the fiscal year 2019-20 amount. See "APPENDIX H – FISCAL CONSULTANT'S REPORT" and "THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage."

Article XIII A of the State Constitution

Article XIII A limits the amount of ad valorem taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIII A defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIII A (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional ad valorem taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues. The validity of Article XIII A has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIII A to permit the State Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the State Legislature’s action, the growth of property tax revenues may decline.

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Each year the SBE announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. The changes in the California Consumer Price Index from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. During the ten previous fiscal years, the inflation factor has been less than 2% on five occasions. The table below reflects the inflation adjustment factors for the current fiscal year and the 10 prior fiscal years.

<u>Historical Inflation Adjustment Factors</u>	
<u>Fiscal Year</u>	<u>Inflation Adj. Factor</u>
2010-11	-0.237%
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454
2015-16	1.998
2016-17	1.525
2017-18	2.000
2018-19	2.000
2019-20	2.000
2020-21	2.000

Appropriations Limitation – Article XIII B

Article XIII B limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The “base year” for establishing such appropriations limit is the 1978/79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by a redevelopment agency of proceeds of taxes levied by or on behalf of a redevelopment agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution

and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (other than the Former Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies. Effective September 22, 2015, the Dissolution Act provides that such debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project that are not pledged to or not needed for debt service on successor agency obligations will be allocated and paid to the entity that levies the override. No such override revenues are pledged as security for the 2020 Bonds.

Appeals of Assessed Values

Pursuant to State law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "**Appeals Board**"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within four years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted. See "THE MERGED PROJECT AREA – Appeals of Assessed Values; Proposition 8 Reductions" for information regarding historical and pending appeals of assessed valuations by property owners in the Merged Project Area.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After such reductions in value are implemented, the Assessor is required to review the property's market value as of each subsequent lien date and adjust the value of real property to the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIII A of the California Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under Proposition 8 to residential properties are normally initiated by the Assessor but may also be requested by the property owner. Reductions of value for commercial, industrial and other land use types under Proposition 8 are normally initiated by the property owner as an assessment appeal.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may be increased to the market value of the property without regard to the otherwise applicable the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

Propositions 218 and 26

On November 5, 1996, California voters approved Proposition 218 – Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges – Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIII C of the State Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the State Constitution. Tax Revenues securing the 2020 Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and Proposition 26.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency's ability to expend revenues.

THE SUCCESSOR AGENCY

As described in “INTRODUCTION,” the Dissolution Act dissolved the Former Agency as of February 1, 2012. Thereafter, pursuant to Section 34173 of the Dissolution Act, the City became the Successor Agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City. The City Council convenes as the governing board of the Successor Agency. City staff serves as staff to the Successor Agency.

Successor Agency Powers

All powers of the Successor Agency are vested in its five members who are elected members of the City Council of the City. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the County and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, substantially all Successor Agency actions are subject to approval by the Oversight Board, as well as review by the DOF.

Status of Compliance with Dissolution Act

The Dissolution Act requires a due diligence review to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of each successor agency’s low and moderate income housing fund and of all other funds and accounts. Once a successor agency completes the due diligence review and any transfers to taxing entities, the DOF will issue a finding of completion that expands the authority of each successor agency in carrying out the wind down process. A finding of completion allows a successor agency to, among other things, retain real property assets of the dissolved redevelopment agency and utilize proceeds derived from bonds issued prior to January 1, 2011.

The Successor Agency completed the due diligence process and received its Finding of Completion on May 10, 2013.

After receiving a finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to satisfy an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies within six months of receiving a finding of completion, and the DOF will review these plans as submitted on a rolling basis.

The DOF approved the Successor Agency’s Long Range Property Management Plan on December 22, 2015.

THE MERGED PROJECT AREA

General

The Merged Project Area (excluding Component Project Area No. 4) consists of a total of 3,082 acres. The Merged Project Area encompasses a significant proportion of the commercially zoned property in the City together with the area surrounding California State University, Fullerton. As previously described, the Merged Project Area was formed with the merger of the Orangefair Component Project Area, the Central Fullerton Component Project Area, the East Fullerton Component Project Area and Component Project Area No. 4 in 2006.

Because the Project Area No. 4 Redevelopment Plan does not provide for the collection or use of incremental tax revenues from Component Project Area No. 4, the discussion in this Official Statement and the Fiscal Consultant's Report regarding the Merged Project Area and the projections of Tax Revenues in this Official Statement and the Fiscal Consultant's Report do not include Component Project Area No. 4.

The Merged Project Area was amended to add the Amended Area in 2009.

The following table provides a summary of the assessed values for the Component Project Areas (other than Component Project Area No. 4) and the Amended Area as of their respective base years and fiscal year 2019-20, together with their respective incremental assessed values and estimated available Tax Revenues.

**Merged Project Area
Summary of Assessed Values and Estimated Tax Increment Revenues
(000s Omitted)**

Component Area	Base Year Assessed Valuation	FY 2019-20 Assessed Valuation	FY 2019-20 Incremental Assessed Valuation	Base Year as % of FY 2019-20 AV	FY 2019-20 Tax Revenues ⁽¹⁾	% of FY 2019-20 Total Available Tax Revenues
Orangefair	\$25,226	\$553,371	\$528,145	4.56%	\$5,307	17.01%
Central Fullerton	64,224	1,147,672	1,083,448	5.60	11,135	35.68
East Fullerton	55,597	1,350,821	1,295,224	4.12	13,152	42.15
Amended Area	1,675,800	1,837,019	161,219	91.22	1,611	5.16
Total	\$1,820,847	\$4,888,883	\$3,068,036	37.24%	\$31,205	100.00%

(1) Estimated.

Source: County Assessor; Urban Futures, Inc.

No Redevelopment Plan Limits

In accordance with the Redevelopment Law, redevelopment plans, including the Redevelopment Plans, were required to include certain limits on the financing of redevelopment projects. These limits could include a time limit on the life of the redevelopment plan, a time limit on the incurrence of indebtedness, a time limit on the receipt of property tax increment and the repayment of indebtedness and a limit on the amount of bonded indebtedness outstanding at any time.

Section 34189(a) of the Dissolution Act, enacted by SB 107, clarifies that former tax increment limits set forth in redevelopment plans such as the Redevelopment Plans no longer apply for purposes of paying approved enforceable obligations such as the 2020 Bonds.

Land Use

The following table summarizes the current land use in the Merged Project Area by the number of parcels and by secured assessed value for fiscal year 2019-20. The assessed values shown have been reduced to reflect non-homeowner exemptions. As shown in the following table, land within the Merged Project Area is predominantly used for multi-residential and industrial purposes (approximately 30% and 25%, respectively, in terms of assessed valuation).

TABLE 1
Merged Project Area
Land Use by Net Taxable Secured Assessed Value
Fiscal Year 2019-20

Category	No. of Parcels	Secured Assessed Value	% of Total Secured Assessed Value ⁽¹⁾
Multi-Family Residential	500	\$1,326,660,725	30.36%
Industrial	444	1,079,439,163	24.70
Commercial	822	990,634,121	22.67
Single Family Residential	2,928	972,639,345	22.26
Governmental/Institutional/Other	325	68,100	0.00
Totals	5,019	\$4,369,411,455	100.00%

(1) Based on Fiscal Year 2019-20 secured assessed valuation of \$4,369,441,455.
Source: County Assessor; Urban Futures, Inc.

See “APPENDIX H – FISCAL CONSULTANT’S REPORT” for further information about categories of land uses.

Largest Property Taxpayers

The following table lists the ten largest payers of secured property taxes in the Merged Project Area for fiscal year 2019-20. The total taxable secured assessed valuation of the top ten property taxpayers accounted for 17.00% of the total secured assessed value of the Merged Project Area. See “RISK FACTORS – Concentration of Property Ownership” for a discussion regarding the risks associated with the concentration of ownership among the ten largest payers of secured property taxes in the Merged Project Area.

TABLE 2
Merged Project Area
10 Largest Secured Property Taxpayers
Fiscal Year 2019-20

	Property owner	Primary Land Use	FY 2019-20 Secured Assessed Value	Component Area	% of Total Secured Assessed Value ⁽¹⁾
1.	Aspect Acquisition LLC ⁽²⁾	Multi-Family Residential	\$133,620,000	Orangefair	3.06%
2.	Advanced Group 16-114	Multi-Family Residential	102,999,600	East Fullerton	2.36
3.	University House	Multi-Family Residential	93,186,304	East Fullerton	2.13
4.	Fullerton Luxury Rentals ⁽²⁾	Multi-Family Residential	80,767,902	Central Fullerton	1.85
5.	PK I Fullerton Town ⁽²⁾	Commercial	61,378,960	Orangefair	1.40
6.	BRE-FMCA LLC	Multi-Family Residential	61,031,404	Central Fullerton	1.40
7.	Fullerton Metro Center	Commercial	57,137,875	Orangefair	1.31
8.	Prologis USLV NEWCA 7 LLC	Industrial	53,568,785	Amended Area	1.23
9.	Essex Haver Hill L P	Multi-Family Residential	50,896,170	East Fullerton	1.16
10.	Kimberly-Clark Worldwide ⁽²⁾	Industrial	48,018,398	Amended Area	1.10
Total 10 Largest Taxpayers			\$742,605,398		17.00%

(1) Based on fiscal year 2019-20 secured assessed valuation of \$4,369,441,455.

(2) Owners with assessment appeals pending.

Source: County Assessor; Urban Futures, Inc.

See “APPENDIX H – FISCAL CONSULTANT’S REPORT” for more information regarding the ten largest payers of property taxes in the Merged Project Area.

Historical Assessed Values and Tax Increment Revenues

The following table shows the historical assessed valuations for the Merged Project Area for fiscal years 2015-16 to 2019-20 based upon the County Auditor-Controller's equalized rolls.

TABLE 3
Merged Project Area
Historical Assessed Values
Fiscal Years 2015-16 through 2019-20

	FY 2015-16 ⁽¹⁾	FY 2016-17 ⁽¹⁾	FY 2017-18	FY 2018-19	FY 2019-20
Secured Valuation	\$2,297,233,550	\$2,403,061,011	\$3,882,363,534	\$4,143,653,959	\$4,368,901,825
Utility	108,021	108,021	108,021	73,540	539,630
Total Secured	\$2,297,341,571	\$2,403,169,032	\$3,882,471,555	\$4,143,727,499	\$4,369,441,455
Unsecured	78,152,419	72,104,405	466,248,352	493,199,909	519,441,979
Total Assessed Value	\$2,375,493,990	\$2,475,273,437	\$4,348,719,907	\$4,636,927,408	\$4,888,883,434
Base year Assessed Value	\$149,869,194	\$145,190,114	\$1,812,420,021	\$1,820,889,306	\$1,820,847,106
Incremental Assessed Value	\$2,225,624,796	\$2,330,083,323	\$2,536,299,886	\$2,816,038,102	\$3,068,036,328
% Annual Change – Incremental AV	--	4.69%	8.85%	11.03%	8.95%

(1) Assessed valuation and Base Year amounts exclude values from the Amended Area, as that area had a negative increment in these fiscal years.

Source: County Assessor; Urban Futures, Inc.

See “RISK FACTORS – Reduction in Taxable Value” for the projected decrease in assessed values for fiscal year 2019-20 that the Merged Project Area could withstand before Tax Revenues would be insufficient to pay estimated debt service on the 2015 Bonds and the 2020 Bonds in such fiscal year.

The following table shows the historical assessed valuation, incremental valuation and Tax Revenues.

TABLE 4
Merged Project Area
Historical Assessed Valuation,
Incremental Valuation, and Tax Revenues
Fiscal Years 2015-16 through 2019-20

	FY 2015-16 ⁽¹⁾	FY 2016-17 ⁽¹⁾	FY 2017-18	FY 2018-19	FY 2019-20
Total Assessed Value	\$2,375,493,990	\$2,475,273,437	\$4,348,719,907	\$4,636,927,408	\$4,888,883,434
Incremental Value	2,225,624,796	2,330,083,323	2,536,299,886	2,816,038,102	3,068,036,328
Total Annual Increment ⁽²⁾	22,256,248	23,300,833	25,362,999	28,160,381	30,680,363
Gross RPTTF Collections ⁽³⁾	\$22,615,026	\$25,170,630	\$27,122,121	\$30,109,866	\$31,679,449
Less: County Admin. Fees	(202,817)	(130,710)	(202,399)	(189,379)	(210,005)
Less: Pass-Through Payments	(2,595,672)	(2,953,982)	(3,726,941)	(4,611,408)	(5,424,413)
Tax Revenues	\$19,816,537	\$22,085,938	\$23,192,781	\$25,309,079	\$26,045,031

(1) Total Assessed Value and Incremental Value exclude amounts from the Amended Area, as that area had a negative increment for this fiscal year.

(2) Total Annual Increment calculated at 1% of incremental value.

(3) Based on actual collections, and includes unitary and supplemental revenues.

Source: County Assessor; Urban Futures, Inc.

Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and a redevelopment project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of \$1.00 per \$100 of taxable value and any over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

As previously indicated, Section 34183(a)(1) of the Dissolution Act requires the County Auditor-Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal of and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. In addition, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects and programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. No such override revenues are pledged as security for the 2020 Bonds.

Appeals of Assessed Values; Proposition 8 Reductions

Appeals of Assessed Values. Pursuant to State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board.

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Appeals may also be filed under Proposition 8, codified at Section 51(b) of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "PROPERTY TAXATION IN CALIFORNIA" above.

Estimated Impact of Pending Assessment Appeals. The Fiscal Consultant reviewed appeals data as of December 23, 2019, received from the County for fiscal years 2013-14 through 2018-19 to determine what impact, if any, pending appeals may have on projected Tax Revenues. The Fiscal Consultant reports that for such period there are 141 appeals pending with respect to assessed values in the Merged Project Area seeking a total reduction in assessed value of approximately \$285 million. According to the Fiscal Consultant's Report and based on information provided by the County, the Fiscal Consultant estimates that, assuming a 1.70% reduction in assessed value (based on the average of actual reductions of assessed value for fiscal years 2013-14 through 2018-19 of 1.70%), the Successor Agency can expect to experience a further reduction in assessed value of the Merged Project Area of approximately \$4.9 million, thereby

resulting in a reduction in Tax Revenues from the Merged Project Area of approximately \$490,000. The projections of Tax Revenues from the Merged Project Area prepared by the Fiscal Consultant and set forth in this Official Statement do not take into account reductions in assessed values related to pending appeals based on such estimate. See “APPENDIX H – FISCAL CONSULTANT’S REPORT” and “– Projected Tax Revenues and Estimated Debt Service Coverage.”

The following table includes certain appeals data that are incorporated into the Fiscal Consultant’s projections of Tax Revenues in the Fiscal Consultant’s Report and this Official Statement.

TABLE 5
Merged Project Area
Historical and Projected Assessment Appeals Summary
Fiscal Years 2013-14 through 2018-19

Historical Assessment Appeals			Estimated Impact of Pending Assessment Appeals		
Total Appeals Filed	No. of Successful Appeals	Average Reduction	No. of Appeals Pending	Appealed Value	Estimated AV Loss on Pending Appeals Allowed ⁽¹⁾
325	79	1.70%	141	\$285,325,787	\$4,855,829

(1) Estimated loss on pending appeals is not included in the projections of Tax Revenues in the Fiscal Consultant’s Report and this Official Statement. See “APPENDIX H – FISCAL CONSULTANT’S REPORT” and “– Projected Tax Revenues and Estimated Debt Service Coverage.”

Source: County Auditor-Controller; Urban Futures, Inc.

Proposition 8 Reductions. As discussed in “PROPERTY TAXATION IN CALIFORNIA – Proposition 8” above, Proposition 8 allows a temporary reduction in assessed value when the current market value of a property is less than the current assessed value as of the lien date. Due to the economic recession experienced in much of the State beginning in 2008, assessed values of certain property within the Merged Project Area were temporarily reduced pursuant to Proposition 8. The Fiscal Consultant reports that information regarding assessed values of parcels within the Merged Project Area that are the subject of temporary reductions pursuant to Proposition 8 is not available from the County. For purposes of the projections of Tax Revenues included in the Fiscal Consultant’s Report and this Official Statement, the Fiscal Consultant has assumed that no Proposition 8 reductions or restorations will occur in fiscal year 2019-20 or any fiscal year thereafter.

No Teeter Plan; Annual Tax Receipts to Tax Levy

As discussed above, the County has adopted a Teeter Plan with respect to secured property taxes, but the Successor Agency does not participate in the such plan. This means that the County Auditor-Controller apportions tax revenues to the Redevelopment Property Tax Trust Fund based upon the amount of the tax levy that is received from the taxpayers. The following table shows the historical tax increment collections for the Merged Project Area for fiscal years 2015-16 to 2019-20 based upon the County Auditor-Controller’s equalized rolls.

**TABLE 6
Merged Project Area
Historical Tax Increment Collections
Fiscal Years 2015-16 through 2019-20**

Fiscal Year	Original Tax Charge	Unpaid Amount	Unpaid Percentage
2015-16	\$23,627,424	\$845,023	3.58%
2016-17	24,877,068	740,334	2.98
2017-18	27,978,246	359,729	1.29
2018-19	30,687,748	217,471	0.71
2019-20 ⁽¹⁾	31,695,086	342,366	1.08

⁽¹⁾ Through June 19, 2020.
Source: County Assessor; Urban Futures, Inc.

Delinquency rates are generally higher during a recession, and the Successor Agency anticipates that the delinquency rates may be higher than current rates in future years depending on the length of time it takes for the economy to recover from COVID-19 impacts. See “RISK FACTORS – Public Health Emergencies.”

Transfers of Ownership; New Development

Changes in assessed value due to transfers of ownership occurring after the lien dates for fiscal years 2019-20 and 2020-21 will affect the taxable values for fiscal years 2020-21 and 2021-22, respectively. However, such changes in assessed value are not included in the projections of Tax Revenues set forth in the Fiscal Consultant’s Report or this Official Statement to reflect new development.

In addition, according to the Fiscal Consultant, new development continues to occur within the Merged Project Area that is above and beyond changes of ownership but no additional value has been included in the projections of Tax Revenues in the Fiscal Consultant’s Report or this Official Statement.

Projected Tax Revenues and Estimated Debt Service Coverage

The Fiscal Consultant prepared projections of Tax Revenues assuming 0% incremental growth in assessed values of real property commencing in fiscal year 2020-21 and each fiscal year thereafter and is shown in Table 7. Table 8 shows projected debt service coverage commencing with fiscal year 2020-21 based on total debt service on the 2015 Bonds and the 2020 Bonds assuming 0% incremental growth as projected in Table 7. The Fiscal Consultant also prepared projections of Tax Revenues assuming 2% incremental growth in assessed values of real property commencing in fiscal year 2020-21 and each fiscal year thereafter. Such projections are included in the Fiscal Consultant’s Report. There can be no assurance that actual tax increment revenues from the Merged Project Area will be at least equal to those projected on Table 7 and 8 or in the Fiscal Consultant’s Report. See “APPENDIX H – FISCAL CONSULTANT’S REPORT.”

As previously described, the projections of Tax Revenues and RPTTF Revenues in this Official Statement and the Fiscal Consultant’s Report do not include any impact that the COVID-19 pandemic may have on assessed values within the Merged Project Area in the future. Other assumptions made by the Fiscal Consultant in calculating the projected Tax Revenues in Table 7 are described in the Fiscal Consultant’s Report. See “APPENDIX H – FISCAL CONSULTANT’S REPORT.”

For a discussion of certain matters that will or could cause actual tax increment revenues from the Merged Project Area in the future to be less than those projected in this Official Statement, see “RISK FACTORS.”

TABLE 7
Merged Project Area
Projection of Assessed Values and Tax Revenues
(Assuming No Annual Growth)

Fiscal Year Ending June 30	Total Assessed Value ⁽¹⁾	Total Incremental Assessed Value ⁽²⁾	Gross Tax Increment ⁽³⁾	Less: County Admin. Fees ⁽⁴⁾	Less: Statutory Pass- Through Payments ⁽⁵⁾	Tax Revenues
2021	\$4,986,661,103	\$3,165,813,997	\$32,192,382	\$213,403	\$5,612,988	\$26,365,991
2022	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2023	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2024	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2025	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2026	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2027	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991
2028	4,986,661,103	3,165,813,997	32,192,382	213,403	5,612,988	26,365,991

(1) [Based on fiscal year 2019-20 actual assessed value, with assumed 0% inflationary growth in fiscal year 2020-21 and zero assumed annual growth thereafter.]

(2) Incremental assessed valuation over base year valuation of \$1,820,847,106

(3) Gross tax increment based on 1.00% tax rate, with unitary revenue of \$534,242.

(4) Estimated at 0.663% of annual Gross Tax Increment, based on actual fiscal year 2019-20 amount.

(5) Statutory pass-through payments required to be paid pursuant to Sections 33607.5 and 33607.7. See “SECURITY FOR THE 2020 BONDS – Statutory Pass-Through Payments”

Source: *Urban Futures, Inc.*

TABLE 8
Merged Project Area
Estimated Debt Service Coverage
(Assuming No Annual Growth)

Fiscal Year Ending June 30	Tax Revenues	Debt Service on 2015 Bonds ⁽¹⁾⁽²⁾	Debt Service on 2020 Bonds ^{*(1)}	Total Debt Service ^{*(1)}	Debt Service Coverage [*]
2021	\$26,365,991	\$1,285,750			
2022	26,365,991	1,285,000			
2023	26,365,991	1,291,000			
2024	26,365,991	1,295,500			
2025	26,365,991	1,050,625			
2026	26,365,991	--			
2027	26,365,991	--			
2028	26,365,991	--			

(1) Represents Bond Year debt service. See "SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules – Relevant Covenant by the Successor Agency" for a description of the Successor Agency's covenant to file Recognized Obligation Payment Schedules for information regarding the timing of anticipated distributions of Tax Revenues to the Successor Agency.

(2) The final payment of debt service on the 2015 Bonds is March 1, 2025.

** Preliminary; subject to change.*

Source: Urban Futures, Inc.; Stifel, Nicolaus & Company, Incorporated.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 2020 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the 2020 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the 2020 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

Risks to Real Estate Market

The owners of the 2020 Bonds will be subject to the risks generally incident to an investment secured by real estate and the Successor Agency's ability to make payments on the 2020 Bonds will be dependent upon the economic strength of the Merged Project Area. The general economy of the Merged Project Area will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by (i) changes in general economic conditions, (ii) fluctuations in the real estate market and interest rates, (iii) unexpected increases in development costs, (iv) the impacts of a public health emergency, such as the COVID-19 pandemic, on construction and sales activity, the national and regional economy and financial circumstances of property owners in the Merged Project Area, and by (v) other similar factors. Further, real estate development within the Merged Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a significant decline in the general economy of the Merged Project Area, the owners of property within such project area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Successor Agency from the Merged Project Area.

See "THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the 2020 Bonds.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization (the "WHO") announced the official name for the outbreak of COVID-19, an upper respiratory tract illness first identified in Wuhan, China. COVID-19 has since spread across the globe. The spread of COVID-19 is having significant adverse health and financial impacts throughout the world.

On March 4, 2020, the Governor of California (the "**Governor**") proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State's police powers. His powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary. On March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the

United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In response to the outbreak of COVID-19, the California State Public Health Officer and Director of the California Department of Public Health has ordered all individuals living in the State of California to stay home or at their place of residence (“**State Stay Home Order**”), except as needed to maintain continuity of operation of the critical infrastructure sectors, critical government services, schools, and construction, including housing construction. The State Stay Home Order remains in place until further notice. [To be updated]

Since declaring the emergency, the Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include his March 19, 2020 Executive Order N-33-20, which orders all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of certain critical infrastructure sectors, as described in that order and later designations. [To be updated]

The Governor issued Executive Orders N-29-20 and N-35-20 relaxing state and local agency open meeting laws to accommodate social distancing. The City expects to hold meetings of its City Council substantially unhindered by the COVID-19 pandemic. As permitted under Executive Order N-33-20, certain of the City’s employees may continue to come to work under designated exceptions for critical sectors and some of the City’s employees are teleworking. The City does not expect its business operations to be materially curtailed by employee absences prompted by the stay-home order. However, the City offers no assurances that City Council member or employee absences due to COVID-19 illnesses will not materially and adversely impact its operations.

The impact of COVID-19 and the Stay Home Orders is likely to evolve over time, which could adversely impact the development within the Merged Project Area as a whole. See “– Risks to Real Estate Market.”

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. Also uncertain are the actions that may be taken by Federal and State governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID-19 on the finances of the Successor Agency is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the Successor Agency’s operations and finances.

The 2020 Bonds are limited obligations of the Successor Agency, payable from and secured by the Tax Revenues (after the deduction of administrative costs by the County Auditor-Controller pursuant to Health and Safety Code Section 34183(a)), and moneys in certain funds and accounts established under the Indenture as described in this Official Statement. Any information in the Official Statement about the City’s finances does not suggest that the City has an obligation to pay debt service on the 2020 Bonds. Neither the Successor Agency nor the Underwriter can predict the ultimate effects of the COVID-19 outbreak or whether any such effects will not have material adverse effect on the Successor Agency’s ability to pay debt service on the 2020 Bonds. See “SECURITY FOR THE 2020 BONDS – Limited Obligation” herein.

Recognized Obligation Payment Schedules

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Dissolution Act, on or before each February 1 commencing February 1, 2016, the Successor Agency shall submit to the Oversight Board and the DOF a Recognized Obligation Payment Schedule unless, at the option of the Successor Agency and subject to DOF approval and satisfaction of certain other conditions, a Last and Final Recognized Obligation Payment Schedule is filed by the Successor Agency and is approved by the DOF in which event no such periodic filing requirements apply. In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, for each annual period the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Consequently, in instances where a Last and Final Recognized Obligation Payment Schedule is not filed, neither Tax Revenues nor Redevelopment Property Tax Trust Fund Revenues will be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule to pay debt service on the 2020 Bonds and to pay other enforceable obligations for each applicable annual period. In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule as required, the availability of Tax Revenues and Redevelopment Property Tax Trust Fund Revenues to the Successor Agency could be adversely affected for such period. See "SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules."

In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, if a successor agency does not submit a Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller is then required to distribute the portion of any of the sums withheld as described above to the affected taxing entities in accordance with applicable provisions of the Dissolution Act upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations. The Dissolution Act provides that the county auditor-controller shall distribute withheld funds to a successor agency only in accordance with a Recognized Obligation Payment Schedule approved by the DOF.

For a description of the covenants made by the Successor Agency in the Indenture relating to the obligation to submit Recognized Obligation Payment Schedules on a timely basis, and the Successor Agency's history of submissions of Recognized Obligation Payment Schedules, see "SECURITY FOR THE 2020 BONDS – Recognized Obligation Payment Schedules."

AB 1484 also added provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule as required. Specifically, an oversight board-approved Recognized Obligation Payment Schedule must be submitted by the successor agency to the county auditor-controller and the DOF, no later than each February 1 for the subsequent annual period. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadline, the city or county that established the redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day

the schedule is not submitted to the DOF. Additionally, a successor agency's administrative cost allowance is reduced by 25% for the subsequent annual period if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline.

Challenges to Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "**Syncora**") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the 2020 Bonds.

Concentration of Property Ownership

The risk of reduction in assessed value as a result of factors described herein may generally increase where the assessed value within a project area is concentrated among a relatively few number of property owners.

Within the Merged Project Area, the total taxable secured assessed valuation of the top ten property taxpayers for fiscal year 2019-20 was approximately \$743 million, which accounted for 17.00% of the total secured assessed value of the Merged Project Area. See "THE MERGED PROJECT AREA – Largest Property Taxpayers."

Significant reduction in the assessed values of the largest taxpayers in the Merged Project Area could, by itself or in combination with other factors, have a material adverse effect on the Successor Agency's ability to pay debt service on the 2020 Bonds as such payments become due and payable.

Reduction in Taxable Value

Tax Revenues available to pay principal of and interest on the 2020 Bonds are determined by the amount of incremental taxable value in the Merged Project Area, respectively, and the current rate or rates at which property in such project areas is taxed. The reduction of taxable values of property in the Merged Project Area caused by economic factors beyond the Successor Agency's control, such as relocation out of such project area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, a prolonged recession, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues available to pay debt service on the 2020 Bonds. Such reduction of Tax Revenues available to pay debt service on the 2020 Bonds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the 2020 Bonds.

Based on estimated debt service on the 2020 Bonds and other assumptions reflected in the projections of Tax Revenues in this Official Statement and the Fiscal Consultant's Report, the Successor Agency projects that assessed values for fiscal year 2019-20 in the Merged Project Area could withstand a decrease of approximately \$3.81 billion or 78% before Tax Revenues would be insufficient to pay estimated debt service on the 2015 Bonds and the 2020 Bonds in such fiscal year.

See "THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the 2020 Bonds.

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution," Article XIII A provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the 2020 Bonds could reduce Tax Revenues available to pay debt service on the 2020 Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or State Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the State Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or State Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues available to pay debt service on the 2020 Bonds and adversely affect the source of repayment and security of the 2020 Bonds.

Assessment Appeals

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the Merged Project Area and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues under the Indenture. The Successor Agency has in the past experienced reductions in the tax increment revenues from the Merged Project Area as a result of assessment appeals. The actual impact to tax increment and, therefore, Tax Revenues is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. For a discussion of historical assessment appeals in the Merged Project Area and information regarding pending and resolved assessment appeals for the Successor Agency, see "THE MERGED PROJECT AREA – Appeals of Assessed Values; Proposition 8 Reductions" and "APPENDIX H – FISCAL CONSULTANT'S REPORT."

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The Successor Agency is unable to predict if any further adjustments to the full cash value base of real property within the Merged Project Area whether an increase or a reduction, will be realized in the future. See "PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution."

Levy and Collection of Taxes

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the 2020 Bonds.

Delinquencies in the payment of property taxes by the owners of land in the Merged Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes as described below, could have an adverse effect on the Successor Agency's ability to make timely payments on the 2020 Bonds. See "THE MERGED PROJECT AREA – No Teeter Plan; Annual Tax Receipts to Tax Levy" and "– Projected Tax Revenues and Estimated Debt Service Coverage" for recent property tax collection rates for the Merged Project Area, and a description of the debt service coverage on the 2020 Bonds, respectively.

Bankruptcy and Foreclosure

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to

judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2020 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the 2020 Bonds. See "THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the 2020 Bonds.

Estimated Revenues

In estimating that Tax Revenues will be sufficient to pay debt service on the 2020 Bonds, the Successor Agency made certain assumptions with regard to present and future assessed valuation in the Merged Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Tax Revenues available to pay debt service on the 2020 Bonds will be less than those projected and such reduced Tax Revenues may be insufficient to provide for the payment of principal of and interest on the 2020 Bonds.

See "THE MERGED PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage" above.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Merged Project Area. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Merged Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Natural Disasters

The value of the property in the Merged Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Merged Project Area could be diminished in

the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

Seismic. Generally, within the State, some level of seismic activity occurs on a regular basis. During the past 150 years, the Southern California area has experienced several major and numerous minor earthquakes. The City is located within a regional network of several active and potentially active faults. Eight faults could potentially cause damage in the City. Only one, the 17-mile long Norwalk Fault, actually traverses the City. Other faults within the vicinity of the City are the Whittier/Elsinore Fault, the Newport/Inglewood Fault, the Sierra Madre/San Fernando/Santa Susana Fault, the Palos Verdes Fault, the San Jacinto Fault and the San Andreas Fault. A 5.1 magnitude earthquake along the Puente Hills thrust fault and centered in the City of La Habra, adjacent to the City, occurred on March 28, 2014, which resulted in significant short term damage in a very limited portion of the City.

The occurrence of severe seismic activity in the Merged Project Area could result in substantial damage to property located in the Merged Project Area, and could lead to successful appeals for reduction of assessed values of such property. Such a reduction could result in a decrease in Tax Revenues collected by the Successor Agency.

Flooding. A majority of the property within the Merged Project Area is not within any designated flood plain areas.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City. The City is also reliant on other entities and service providers in connection with the administration of the 2020 Bonds, including without limitation the County tax collector for the levy and collection of property taxes, and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the 2020 Bond owners.

Changes in the Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the State Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Tax Revenues available to pay debt service on the 2020 Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2020 Bonds, or, if a secondary market exists, that the 2020 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

Bond Insurance

In the event of default in the payment of the scheduled principal of or interest on the 2020 Insured Bonds when all or some becomes due, the Trustee on behalf of any owner of the 2020 Insured Bonds will have a claim under the 2020 Policy for such payments. Under certain circumstances, 2020 Insurer may direct and must consent to any remedies with respect to the 2020 Insured Bonds and the 2020 Insurer's consent may be required in connection with certain amendments to or actions taken under any applicable documents relating to the 2020 Insured Bonds. See Appendix A — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The long-term ratings on the 2020 Insured Bonds are dependent in part on the financial strength of the 2020 Insurer and its claims paying ability. The 2020 Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the 2020 Insurer and the ratings on the 2020 Insured Bonds will not be subject to downgrade and such event could adversely affect the market price of the 2020 Insured Bonds or the marketability (liquidity) for the 2020 Insured Bonds. See "CONCLUDING INFORMATION — Ratings" herein.

The obligations of the 2020 Insurer are unsecured contractual obligations and in an event of default by the 2020 Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter has made independent investigation into the claims paying ability of the 2020 Insurer and no assurance or representation regarding the financial strength or projected financial strength of the 2020 Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to make the payments on the 2020 Insured Bonds and the claims paying ability of the 2020 Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information regarding the 2020 Insurer and the 2020 Policy, which includes further instructions for obtaining current financial information concerning the 2020 Insurer.

TAX MATTERS

2020A Bonds

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2020A Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the 2020A Bonds is based upon certain representations of fact and certifications made by the Successor Agency and others and is subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Code**") that must be satisfied subsequent to the issuance of the 2020A Bonds to assure that interest (and original issue discount) on the 2020A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2020A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020A Bonds. The Successor Agency has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a 2020A Bond (the first price at which a substantial amount of the 2020A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such 2020A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a beneficial owner of the 2020A Bonds before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a beneficial owner of the 2020A Bonds will increase the beneficial owner's basis in the applicable 2020A Bond. The amount of original issue discount that accrues to the beneficial owner of the 2020A Bonds is excluded from the gross income of such beneficial owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a 2020A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2020A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the 2020A Bond Owner's basis in the applicable 2020A Bond (and the amount of tax-exempt interest received with respect to the 2020A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a 2020A Bond Owner realizing a taxable gain when a 2020A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020A Bond to the Owner. Purchasers of the 2020A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "**IRS**") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that

the 2020A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2020A Bonds might be affected as a result of such an audit of the 2020A Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2020A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2020A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2020A BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE 2020A BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2020A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2020A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2020A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2020A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2020A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2020A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any 2020A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes provided that the Successor Agency continue to comply with certain requirements of the Code, the ownership of the 2020A Bonds and the accrual or receipt of interest (and original issue discount) on the 2020A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2020A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2020A Bonds.

Should interest (and original issue discount) on the 2020A Bonds become includable in gross income for federal income tax purposes, the 2020A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

2020B Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 2020B Bonds is *not* excluded from gross income for federal income tax purposes under Section 103 of the Code, but is exempt from State of California personal income tax.

The amount by which a beneficial owner of a 2020B Bond's original basis for determining loss on sale or exchange in the applicable 2020B Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable premium, which the beneficial owner of a 2020B Bond may elect to amortize under Section 171 of the Code; such amortizable premium reduces the beneficial owner's basis in the applicable 2020B Bond (and the amount of taxable interest received with respect to the 2020B Bond), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of premium may result in a beneficial owner of the 2020B Bonds realizing a taxable gain when a 2020B Bond is sold by the beneficial owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020B Bond to the beneficial owner. The beneficial owner of the 2020B Bonds that have a basis in the 2020B Bonds that is greater than the principal amount of the 2020B Bonds should consult their own tax advisors with respect to whether or not they should elect such premium under Section 171 of the Code.

In the event of a legal defeasance of the 2020B Bonds, such 2020B Bonds might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable 2020B Bonds Owner generally equal to the difference between the amount deemed realized from the deemed prepayment and reissuance and the 2020B Bonds Owner's adjusted tax basis in such 2020B Bond.

The tax discussion set forth above is included for general information only and may not be applicable depending upon a 2020B Bond Owner's particular situation. The ownership and disposal of the 2020B Bond and the accrual or receipt of interest with respect to the 2020B Bond may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. **BEFORE PURCHASING ANY OF THE 2020B BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE 2020B BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.**

A copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B.

CONCLUDING INFORMATION

Underwriting

The 2020 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the 2020A Bonds at a price of \$_____ (being the principal amount of the 2020A Bonds plus an original issue premium of \$_____ and less an Underwriter’s discount of \$_____). The Underwriter has agreed to purchase the 2020B Bonds at a price of \$_____ (being the principal amount of the 2020B Bonds plus an original issue premium of \$_____ and less an Underwriter’s discount of \$_____).

The Underwriter may offer and sell 2020 Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page of this Official Statement. The offering price may be changed from time to time by the Underwriter.

Legal Opinion

The final approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, will be furnished to the purchasers at the time of delivery of the 2020 Bonds. A copy of the proposed form of Bond Counsel’s final approving opinion with respect to the 2020 Bonds is set forth in “APPENDIX B – FORM OF BOND COUNSEL OPINION.” In addition, certain legal matters will be passed on by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel, and by Kutak Rock LLP, Irvine, California, as Underwriters’ Counsel. Certain legal matters will be passed on for the Successor Agency by Jones & Mayer, City Attorney of the City, as general counsel to the Successor Agency.

Compensation paid to Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon the sale and delivery of the 2020 Bonds.

Litigation

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the 2020 Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing or seeking to restrain or enjoin the repayment of the 2020 Bonds or which, in any manner, questions the right of the Successor Agency to use the Tax Revenues for repayment of the 2020 Bonds or affects in any manner the right or ability of the Successor Agency to collect or pledge the Tax Revenues. See, however, “RISK FACTORS – Challenges to Dissolution Act.”

Ratings

S&P is expected to assign its rating of “___” to the 2020 Insured Bonds with the understanding that the 2020 Policy will be issued by the 2020 Insurer concurrently with the delivery of the 2020 Insured Bonds. S&P has also assigned an underlying rating of “___” to the 2020 Bonds.

The ratings issued reflect only the view of S&P as to the credit quality of the 2020 Bonds, and explanation of the significance of the ratings may be obtained from S&P. Generally, rating

agencies base their ratings on information and materials furnished to them (which may include information and material from the Successor Agency which is not included in this Official Statement) and on investigations, studies and assumptions by rating agencies.

There is no assurance that such ratings will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the 2020 Bonds.

Municipal Advisor

The Successor Agency has retained Urban Futures, Inc., Tustin, California, as Municipal Advisor in connection with the authorization and issuance of the 2020 Bonds. The Municipal Advisor does not underwrite or trade bonds and will not engage in any underwriting activities with regard to the issuance and sale of the 2020 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings. The Municipal Advisor's compensation is contingent upon the sale and delivery of the 2020 Bonds.

Continuing Disclosure

The Successor Agency will covenant for the benefit of owners of the 2020 Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than March 31 after the end of each fiscal year of the Successor Agency (currently June 30), commencing not later than March 31, 2021 with the report for the 2019-20 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain listed events. The Annual Report and the notices of enumerated events will be filed by the Successor Agency with the Municipal Securities Rulemaking Board through the Electronic Municipal Access System ("**EMMA**"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized below under the caption "APPENDIX D – FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**").

The City and its related entities, including the Successor Agency, previously entered into certain disclosure undertakings under the Rule in connection with the issuance of long-term obligations. During the past five years, the County and such related entities have, in some instances, failed to comply with their undertakings. In particular, _____. [To be updated]

To ensure compliance with the continuing disclosure undertakings of the City and its related entities under the Rule, the City Manager as Executive Director is responsible for preparing and filing annual disclosure reports. Additionally, U.S. Bank National Association has been selected by the Successor Agency to serve as dissemination agent with respect to the Successor Agency's undertaking for the 2020 Bonds under the Rule.

Except as disclosed in this Official Statement, within the last five years, the City and its related entities have not failed to timely comply with their respective prior continuing disclosure obligations under the Rule.

Audited Financial Statements

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 (the "**City CAFR**") is attached as Appendix E. The City CAFR includes the Successor Agency's audited financial statements for the fiscal year ended June 30, 2019. The Successor Agency's audited financial statements were audited by Lance Soll & Lunghard, LLP, Brea, California (the "**Auditor**"). The Auditor has not been asked to consent to the inclusion of the Successor Agency's audited financial statements in this Official Statement and has not reviewed this Official Statement. See "APPENDIX E – CITY OF FULLERTON COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019."

As described in "SECURITY FOR THE 2020 BONDS – Limited Obligation," the 2020 Bonds are payable from and secured by a pledge of Tax Revenues and the 2020 Bonds are not a debt of the City.

Miscellaneous

All of the preceding summaries of the Indenture, the Redevelopment Law, the Dissolution Act, other applicable legislation, the Redevelopment Plans, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the 2020 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by its Executive Director has been duly authorized by the Successor Agency.

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY**

By: _____
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B

FORM OF BOND COUNSEL OPINION

Upon issuance of the 2020 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_____, 2020

Successor Agency the Fullerton Redevelopment Agency
Fullerton, California

Re: Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A and 2020B (Federally Taxable)

Members of the Board:

We have examined a certified copy of the record of the proceedings of the Successor Agency to the Fullerton Redevelopment Agency (the "Successor Agency") relative to the issuance of the \$_____ Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A (the "2020A Bonds") and the \$_____ Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable) (the "2020B Bonds" and, together with the 2020A Bonds, the "2020 Bonds"), dated the date hereof, and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the Successor Agency, the initial purchaser of the 2020 Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The 2020 Bonds are being issued pursuant to a First Supplemental Indenture of Trust, dated as of _____ 1, 2020 (the "First Supplement"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"), which amends and supplements the Indenture of Trust dated as of February 1, 2015 (the "Original Indenture" and, together with the First Supplement, the "Indenture"), by and between the Successor Agency and the Trustee. The 2020 Bonds mature on the dates and in the amounts referenced in the First Supplement. The 2020 Bonds are dated their date of delivery and bear interest at the rates per annum referenced in the First Supplement. The 2020 Bonds are registered in the forms set forth in the First Supplement.

Based on our examination as Bond Counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. The 2020 Bonds have been duly and validly authorized by the Successor Agency and are legal, valid and binding special obligations of the Successor Agency, secured and payable

solely from Tax Revenues (as such term is defined in the Indenture) and other sources as and to the extent provided for in the Indenture. The 2020 Bonds are special obligations of the Successor Agency but are not a debt of the City of Fullerton, the County of Orange, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and none of the City of Fullerton, the County of Orange, the State of California or any other of its political subdivisions, except the Successor Agency, is liable for the payment thereof.

2. The Indenture has been duly authorized by the Successor Agency, is valid and binding upon the Agency, is enforceable in accordance with its terms and creates a valid pledge of that which the Indenture purports to pledge.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest (and original issue discount) on the 2020 Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a 2020A Bond (the first price at which a substantial amount of the 2020A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2020A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2020A Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a 2020A Bond owner will increase the 2020A Bond Owner's basis in the applicable 2020A Bond. The amount of original issue discount that accrues to the 2020A Bond Owner is excluded from the gross income of such Owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals or corporations and is exempt from State personal income tax.

6. The amount by which a 2020A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2020A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable bond premium reduces the 2020A Bond Owner's basis in the applicable 2020A Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2020A Bond premium may result in a 2020A Bond Owner realizing a taxable gain when a 2020A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020A Bond to the Owner. Purchasers of the 2020A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

7. The amount by which a 2020B Bond Owner's original basis for determining loss on sale or exchange in the applicable 2020B Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable premium, which the Owner of a 2020B Bond may elect to amortize under Section 171 of the Code; such amortizable premium reduces the 2020B Bond Owner's basis in the applicable 2020B Bond (and the amount of taxable interest received with respect to the 2020B Bonds), and is deductible for

federal income tax purposes. The basis reduction as a result of the amortization of premium may result in a 2020B Bond Owner realizing a taxable gain when a 2020B Bonds is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020B Bond to the Owner. The Owners of the 2020B Bonds that have a basis in the 2020B Bonds that is greater than the principal amount of the 2020B Bonds should consult their own tax advisors with respect to whether or not they should elect such premium under Section 171 of the Code.

The opinions that are expressed herein as to the exclusion from gross income of interest (and original issue discount) on the 2020A Bonds are based upon certain representations of fact and certifications made by the Successor Agency and are subject to the condition that the Successor Agency comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2020A Bonds to assure that such interest (and original issue discount) on the 2020A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2020A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020A Bonds. The Successor Agency has covenanted to comply with all such requirements.

The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement ends as of the date of issuance of the 2020 Bonds. The Indenture and the Tax Certificate relating to the 2020A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the 2020A Bonds for federal income tax purposes with respect to any 2020A Bond if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the 2020 Bonds.

The opinions that are expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the 2020 Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

Our opinions are limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the 2020 Bonds or other offering material relating to the 2020 Bonds and expressly disclaim any duty to advise the owners of the 2020 Bonds with respect to matters contained in the Official Statement.

Respectfully submitted

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2020 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2020 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2020 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2020 Bonds. The 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing Successor Agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on

the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the 2020 Bonds

to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the 2020 Bonds are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the 2020 Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE

SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY

\$ _____
MERGED FULLERTON REDEVELOPMENT
PROJECT AREA TAX ALLOCATION
REFUNDING BONDS, SERIES 2020A

\$ _____
MERGED FULLERTON REDEVELOPMENT
PROJECT AREA TAX ALLOCATION
REFUNDING BONDS, SERIES 2020B
(FEDERALLY TAXABLE)

This CONTINUING DISCLOSURE CERTIFICATE (this “**Disclosure Certificate**”) is executed and delivered by the SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY (the “**Successor Agency**”) in connection with the execution and delivery of the bonds captioned above (collectively, the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2015, by and between the Successor Agency and U.S. Bank National Association, as trustee (the “**Trustee**”), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of _____ 1, 2020, by and between the Successor Agency and the Trustee (as so amended and supplemented, the “**Indenture**”).

The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report of the Successor Agency provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the Successor Agency’s fiscal year (currently March 31 based on the Successor Agency’s fiscal year end of June 30).

“*City*” means the City of Fullerton, California.

“*Dissemination Agent*” means, initially, U.S. Bank National Association or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Successor Agency in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021, with the report for the 2019-20 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date; provided further that, in the event the Successor Agency’s audited financial statements for any fiscal year are included as part of the annual report of the City for such fiscal year, the audited financial statements of the Successor Agency may be submitted together with such annual report of the City so long as such annual report includes the information required in Sections 3 and 4 of this Disclosure Certificate. If the Successor Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Successor Agency under the Indenture.

(b) If the Successor Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Successor Agency shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine prior to each Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The Successor Agency's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following financial information and operating data with respect to the Successor Agency: [Underwriter to confirm]

(i) information showing the total secured and unsecured assessed valuation of taxable properties in the Merged Fullerton Redevelopment Project Area (the "Merged Project Area") during the most recent completed fiscal year;

(ii) information showing the total amount of Tax Revenues derived from the Merged Project Area during the most recent completed fiscal year;

(iii) the total amount by which Tax Revenues derived from the Merged Project Area during the most recent completed fiscal year provided coverage for annual debt service on the Bonds;

(iv) in the event the debt service coverage ratio (as disclosed pursuant to the preceding clause (iii)) is less than 200% in the most recent completed fiscal year, (A) information showing the top 10 taxpayers in the Merged Project Area during the most recent completed fiscal year, and the total assessed valuation represented thereby and the percent of the total taxable assessed value of all properties in the Merged Project Area, and (B) information on appeals by top ten taxpayers in the Merged Project Area, to the extent information regarding such appeals is available to the Successor Agency from appropriate officials of the County of Orange.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Successor Agency shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, the Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the Successor Agency obtains knowledge of the occurrence of any of these Listed Events, the Successor Agency will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Successor Agency will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Successor Agency.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Successor Agency’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the U.S. Bank National Association. Any Dissemination Agent may resign by providing 30 days' written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in

addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Successor Agency fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Bond holders or any other party. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Section 15. Governing Law. This Disclosure Certificate is to be construed in accordance with and governed by the laws of the State of California.

Date: _____, 2020

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT
AGENCY**

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:
U.S. BANK NATIONAL ASSOCIATION,
AS DISSEMINATION AGENT

By: _____

Name: _____

Title: _____

APPENDIX E

**CITY OF FULLERTON COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2019**

APPENDIX F

STATE DEPARTMENT OF FINANCE APPROVAL LETTER

APPENDIX G

SUPPLEMENTAL INFORMATION – CITY OF FULLERTON AND COUNTY OF ORANGE

The following information is included only for the purpose of supplying general information regarding the City of Fullerton (the “City”) and the County of Orange (the “County”). This information is provided only for general informational purposes, and provides prospective investors limited information about the City and County and its economic base. The Bonds are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions, except the Successor Agency, and neither the City, the County, the State nor any of its political subdivisions, except the Successor Agency, is liable therefor.

The following information regarding the City and County is the latest available, but in certain cases is as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the City or County.

General

The City. The City is located in Southern California, approximately 25 miles southeast of the City of Los Angeles, and covers approximately 22.4 square miles. The City, first settled in 1887 and incorporated in 1904, operates as a general law city, governed by a non-partisan, five-member City Council elected to serve staggered four-year terms.

The City provides the full range of services normally associated with a municipality, including police and fire protection, highways and streets, parks and recreation, library, planning and zoning, building and engineering, various maintenance services and administration. Parking and airport facilities, water, sewer and storm drainage area also provided. The school districts in the City are separate governmental entities which receive no funding from the City.

The County. The County encompasses 798 square miles in Southern California, bordered on the north by Los Angeles and San Bernardino Counties, on the east by Riverside County, on the southeast by San Diego County and on the west and southwest by the Pacific Ocean. There are 34 cities within the County.

Population

Population figures for the City, the County and the State for the years 2015 through 2019 are shown in the following table.

CITY OF FULLERTON, ORANGE COUNTY AND STATE OF CALIFORNIA POPULATION ESTIMATES

<u>Area</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City of Fullerton	140,885	141,769	142,614	142,787	141,931
Orange County	3,152,314	3,172,222	3,198,968	3,221,103	3,222,498
State of California	38,912,464	39,179,627	39,500,973	39,809,693	39,927,315

Source: State of California, Department of Finance, as of January 1.

Employment and Industry

The unemployment rate in Orange County was 13.8 percent in April 2020, up from a revised 3.7 percent in March 2020, and above the year-ago estimate of 2.5 percent. This compares with an unadjusted unemployment rate of 16.1 percent for California and 14.4 percent for the nation during the same period.

The following table summarizes the civilian labor force, employment and unemployment in the County for calendar years 2015 through 2019. As a result of the COVID-19 pandemic, the Successor Agency anticipates that the unemployment rate in the County will increase above these levels and the increase may be significant.

**ANAHEIM-SANTA ANA-IRVINE METROPOLITAN DIVISION
(Orange County)
Annual Average Labor Force
Employment by Industry
March 2019 Benchmark**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Civilian Labor Force ⁽¹⁾	1,584,300	1,597,300	1,607,800	1,617,900	1,623,400
Employment	1,513,500	1,532,700	1,551,500	1,569,800	1,578,300
Unemployment	70,800	64,500	56,300	48,100	45,100
Unemployment Rate	4.5%	4.0%	3.5%	3.0%	2.8%
<u>Wage and Salary Employment: ⁽²⁾</u>					
Agriculture	2,400	2,400	2,100	2,000	1,900
Mining and Logging	400	300	500	500	500
Construction	91,700	97,400	101,800	106,300	106,400
Manufacturing	157,800	158,200	160,700	160,700	159,800
Wholesale Trade	78,900	78,600	79,000	79,800	79,400
Retail Trade	151,600	152,600	153,500	152,600	150,500
Transportation, Warehousing and Utilities	26,900	27,200	28,000	29,200	29,500
Information	24,900	26,000	26,800	26,700	26,100
Finance and Insurance	78,800	79,500	80,700	79,300	77,800
Real Estate and Rental and Leasing	37,600	38,600	38,900	39,400	39,600
Professional and Business Services	289,200	299,300	304,400	317,000	328,200
Educational and Health Services	198,900	206,200	215,900	224,700	231,800
Leisure and Hospitality	203,800	212,000	218,100	222,600	228,000
Other Services	48,900	50,500	50,300	51,400	52,000
Federal Government	11,200	11,300	11,300	11,100	11,000
State Government	30,800	31,400	31,400	32,000	33,000
Local Government	114,500	116,900	117,500	118,200	118,900
Total, All Industries ⁽³⁾	1,548,300	1,588,300	1,620,800	1,653,200	1,674,400

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The following table lists the major manufacturing and non-manufacturing employers in the County.

**COUNTY OF ORANGE
MAJOR EMPLOYERS, LISTED ALPHABETICALLY
June 2020**

Employer Name	Location	Industry
Allergan Inc	Irvine	Drug Millers (mfrs)
American Funds	Irvine	Services NEC
Anaheim City Hall	Anaheim	Government Offices-City/Village & Twp
Auto Club of S California	Costa Mesa	Automobile Clubs
B Braun Medical Inc	Irvine	Physicians & Surgeons Equip & Supls-Mfrs
Boeing Co	Seal Beach	Aerospace Industries (mfrs)
Boeing Co	Huntington Beach	Aircraft-Manufacturers
Broadcom Corp	Irvine	Semiconductors & Related Devices (mfrs)
California State Univ Fllrtn	Fullerton	Schools-Universities & Colleges Academic
Choc Children's	Orange	Hospitals
Edwards Lifesciences Corp	Irvine	Biotechnology Products & Services
Fairview Developmental Ctr	Costa Mesa	Hospitals
Fountain Valley Regional Hosp	Fountain Valley	Hospitals
Hoag Hospital Newport Beach	Newport Beach	Hospitals
James R Glidewell Dental Crmcs	Irvine	Dentists
Kaiser Permanente Orange	Anaheim	Hospitals
Laguna Woods Village Cmnty Ctr	Laguna Woods	Senior Citizens Service
Media Relations Dept-Ca Dept	Anaheim	Government Offices-State
Mflex	Irvine	Electronic Equipment & Supplies-Mfrs
Quest Diagnostics	San Juan Cpstrno	Laboratory Analytical Instruments (mfrs)
St Joseph Hospital	Orange	Hospitals
St Jude Medical Ctr	Fullerton	Hospitals
University of Ca-Irvine	Irvine	Schools-Universities & Colleges Academic
University-Ca Irvine Anteater	Irvine	Stadiums Arenas & Athletic Fields

Source: State of California Employment Development Department; America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other than labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, nontax payments, fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2016 through 2020.

CITY OF FULLERTON AND COUNTY OF ORANGE EFFECTIVE BUYING INCOME 2016 THROUGH 2020

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2016	City of Fullerton	\$3,595,428	\$58,891
	Orange County	90,963,458	64,420
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Fullerton	\$3,721,893	\$59,891
	Orange County	95,757,421	66,303
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Fullerton	\$3,954,578	\$62,253
	Orange County	100,982,959	69,088
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Fullerton	\$4,347,648	\$66,171
	Orange County	108,768,390	73,894
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Fullerton	\$4,420,698	\$68,666
	Orange County	110,301,021	75,672
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: The Nielsen Company (US), Inc for years 2016 through 2018; Claritas, LLC for 2019 and 2020.

Commercial Activity

During calendar year 2019, total taxable transactions in the City were reported to be \$1,999,711,000, a 2.94% increase over the total taxable transactions of \$1,942,587,000 that were reported in the City during calendar year 2018. A summary of historic taxable sales within the City during the past five years is shown in the following table.

CITY OF FULLERTON TAXABLE TRANSACTIONS (FIGURES IN THOUSANDS)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	2,522	\$1,344,304	4,218	\$1,739,878
2016	2,527	1,374,267	4,309	1,781,290
2017	2,539	1,432,091	4,367	1,842,472
2018	2,601	1,532,079	4,558	1,942,587
2019	2,688	1,562,115	4,796	1,999,711

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

During calendar year 2019, total taxable transactions in the County were reported to be \$69,499,158,000, a 3.00% increase over the total taxable transactions of \$67,468,616,000 that were reported in the County during calendar year 2018. A summary of historic taxable sales within the County during the past five years is shown in the following table.

COUNTY OF ORANGE TAXABLE TRANSACTIONS (FIGURES IN THOUSANDS)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	42,778	\$41,589,926	110,717	\$61,358,087
2016	68,570	42,269,771	112,477	62,511,421
2017	68,701	43,666,470	113,180	64,551,424
2018	69,228	46,078,187	117,633	67,468,616
2019	71,305	47,044,198	122,989	69,499,158

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and County.

CITY OF FULERTON BUILDING PERMIT VALUATION (VALUATION IN THOUSANDS OF DOLLARS)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Permit Valuation</u>					
New Single-family	\$12,541.1	\$7,648.4	\$7,369.3	\$6,780.6	\$3,735.8
New Multi-family	41,423.9	11,662.8	22,372.1	7,166.7	32,140.5
Res. Alterations/Additions	<u>3,881.8</u>	<u>3,862.3</u>	<u>3,759.4</u>	<u>12,136.2</u>	<u>2,070.2</u>
Total Residential	57,846.8	11,510.7	33,500.8	26,083.5	37,946.5
New Commercial	224.3	2,132.6	4,968.7	1,597.9	14,015.7
New Industrial	0.0	12,384.3	26,965.9	0.0	0.0
New Other	21,705.7	1,605.4	853.4	1,099.8	182.6
Com. Alterations/Additions	<u>13,975.2</u>	<u>16,872.5</u>	<u>13,401.6</u>	<u>9,863.6</u>	<u>3,408.1</u>
Total Nonresidential	35,905.2	32,994.8	46,189.6	12,561.3	17,606.4
<u>New Dwelling Units</u>					
Single Family	40	26	20	21	17
Multiple Family	<u>331</u>	<u>72</u>	<u>190</u>	<u>57</u>	<u>307</u>
TOTAL	371	98	210	78	324

Source: Construction Industry Research Board, *Building Permit Summary*

ORANGE COUNTY BUILDING PERMIT VALUATION (VALUATION IN THOUSANDS OF DOLLARS)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Permit Valuation</u>					
New Single-family	\$1,288,428.2	\$1,464,920.6	\$1,809,779.3	\$1,442,020.5	\$1,094,688.2
New Multi-family	1,052,113.5	1,195,586.5	880,561.8	726,503.6	1,010,555.6
Res. Alterations/Additions	<u>486,341.4</u>	<u>491,132.6</u>	<u>498,259.7</u>	<u>582,094.5</u>	<u>537,089.8</u>
Total Residential	2,826,883.1	3,151,639.7	3,188,600.8	2,750,618.6	2,642,313.6
New Commercial	424,477.1	1,108,887.3	722,479.7	1,986,089.1	1,586,162.0
New Industrial	87,486.0	39,419.9	108,452.3	24,323.9	2,412.5
New Other	485,406.4	401,467.1	338,024.7	289,986.9	229,473.5
Com. Alterations/Additions	<u>1,205,735.8</u>	<u>1,102,344.6</u>	<u>921,072.1</u>	<u>1,231,885.1</u>	<u>1,334,453.1</u>
Total Nonresidential	2,203,105.3	2,652,118.9	2,090,028.8	3,532,285.0	3,152,501.1
<u>New Dwelling Units</u>					
Single Family	3,667	4,226	5,097	3,975	3,125
Multiple Family	<u>7,230</u>	<u>7,908</u>	<u>5,197</u>	<u>4,130</u>	<u>7,169</u>
TOTAL	10,897	12,134	10,294	8,105	10,294

Source: Construction Industry Research Board, *Building Permit Summary*

APPENDIX H
FISCAL CONSULTANT'S REPORT

APPENDIX I
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY**

\$ _____
**MERGED FULLERTON REDEVELOPMENT
PROJECT AREA TAX ALLOCATION
REFUNDING BONDS, SERIES 2020A**

\$ _____
**MERGED FULLERTON REDEVELOPMENT
PROJECT AREA TAX ALLOCATION
REFUNDING BONDS, SERIES 2020B
(FEDERALLY TAXABLE)**

This CONTINUING DISCLOSURE CERTIFICATE (this “**Disclosure Certificate**”) is executed and delivered by the SUCCESSOR AGENCY TO THE FULLERTON REDEVELOPMENT AGENCY (the “**Successor Agency**”) in connection with the execution and delivery of the bonds captioned above (collectively, the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2015, by and between the Successor Agency and U.S. Bank National Association, as trustee (the “**Trustee**”), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of _____ 1, 2020, by and between the Successor Agency and the Trustee (as so amended and supplemented, the “**Indenture**”).

The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report of the Successor Agency provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the Successor Agency’s fiscal year (currently March 31 based on the Successor Agency’s fiscal year end of June 30).

“*City*” means the City of Fullerton, California.

“*Dissemination Agent*” means, initially, U.S. Bank National Association or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for

purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Successor Agency in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021, with the report for the 2019-20 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date; provided further that, in the event the Successor Agency’s audited financial statements for any fiscal year are included as part of the annual report of the City for such fiscal year, the audited financial statements of the Successor Agency may be submitted together with such annual report of the City so long as such annual report includes the information required in Sections 3 and 4 of this Disclosure Certificate. If the Successor Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Successor Agency under the Indenture.

(b) If the Successor Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Successor Agency shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine prior to each Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The Successor Agency's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following financial information and operating data with respect to the Successor Agency: [Underwriter to confirm]

(i) information showing the total secured and unsecured assessed valuation of taxable properties in the Merged Fullerton Redevelopment Project Area (the "Merged Project Area") during the most recent completed fiscal year;

(ii) information showing the total amount of Tax Revenues derived from the Merged Project Area during the most recent completed fiscal year;

(iii) the total amount by which Tax Revenues derived from the Merged Project Area during the most recent completed fiscal year provided coverage for annual debt service on the Bonds;

(iv) in the event the debt service coverage ratio (as disclosed pursuant to the preceding clause (iii) is less than 200% in the most recent completed fiscal year, (A) information showing the top 10 taxpayers in the Merged Project Area during the most recent completed fiscal year, and the total assessed valuation represented thereby and the percent of the total taxable assessed value of all properties in the Merged Project Area, and (B) information on appeals by top ten taxpayers in the Merged Project Area, to the extent information regarding such appeals is available to the Successor Agency from appropriate officials of the County of Orange.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Successor Agency shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, the Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the Successor Agency obtains knowledge of the occurrence of any of these Listed Events, the Successor Agency will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Successor Agency will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Successor Agency.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Successor Agency’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the U.S. Bank National Association. Any Dissemination Agent may resign by providing 30 days' written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in

addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Successor Agency fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Bond holders or any other party. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Section 15. Governing Law. This Disclosure Certificate is to be construed in accordance with and governed by the laws of the State of California.

Date: _____, 2020

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT
AGENCY**

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:
U.S. BANK NATIONAL ASSOCIATION,
AS DISSEMINATION AGENT

By: _____

Name: _____

Title: _____

\$ _____
**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON
REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS,
SERIES 2020A**

\$ _____
**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT
PROJECT AREA
TAX ALLOCATION REFUNDING BONDS,
SERIES 2020B (FEDERALLY TAXABLE)**

BOND PURCHASE AGREEMENT

_____, 2020

Successor Agency to the Fullerton
Redevelopment Agency
303 W. Commonwealth Avenue
Fullerton, CA 92832

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) offers to enter into this Bond Purchase Agreement (the “**Bond Purchase Agreement**”) with the Successor Agency to the Fullerton Redevelopment Agency (the “**Successor Agency**”), which will be binding upon the Successor Agency and the Underwriter upon the acceptance hereof by the Successor Agency. This offer is made subject to its acceptance by the Successor Agency by the Successor Agency’s execution of this Bond Purchase Agreement and its delivery to the Underwriter on or before 11:59 P.M., California time, on the date hereof.

The Successor Agency acknowledges and agrees that: (i) the purchase and sale of the above-captioned Bonds (as defined below) pursuant to this Bond Purchase Agreement is an arm’s-length commercial transaction between the Successor Agency and the Underwriter; (ii) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Successor Agency; (iii) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the Successor Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Successor Agency on other matters) nor has it assumed any other obligation to the Successor Agency except the obligations expressly set forth in this Bond Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the Successor Agency; and (v) the Successor Agency has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The Successor Agency hereby acknowledges receipt from the Underwriter of disclosures required by the Municipal Securities Rulemaking Board (“**MSRB**”) Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012), relating to disclosures concerning the Underwriter’s role in the transaction, disclosures concerning the Underwriter’s compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any. The Successor Agency

acknowledges that it has engaged Urban Futures, Inc. (the “**Municipal Advisor**”), as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1), and for financial advice purposes, will rely only on the advice of the Municipal Advisor.

Capitalized terms used and not otherwise defined in this Bond Purchase Agreement shall have the same meanings given them in that certain Indenture of Trust, dated as of February 1, 2015 (the “**Original Indenture**”), by and between the Successor Agency, as successor to the former Fullerton Redevelopment Agency (the “**Former Agency**”), and U.S. Bank National Association, as trustee (the “**Trustee**”), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of _____ 1, 2020 (the “**First Supplement**,” and together with the Original Indenture, the “**Indenture**”), by and between the Successor Agency and the Trustee, pursuant to which the Bonds are being issued.

1. *Purchase and Sale; Use of Proceeds.*

(a) Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Underwriter and the Underwriter hereby agrees to purchase from the Successor Agency for offering to the public, all (but not less than all) of the (i) \$_____ Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A (the “**Series 2020A Bonds**”), at the purchase price of \$_____ (the “**Series 2020A Purchase Price**”) (being the principal amount of the Series 2020A Bonds, less an Underwriter’s discount of \$_____, and plus an original issue premium of \$_____) and the (ii) \$_____ Successor Agency to the Fullerton Redevelopment Agency Merged Fullerton Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020B (Federally Taxable) (the “**Series 2020B Bonds**,” and together with the Series 2020A Bonds, the “**Bonds**”), at the purchase price of \$_____ (the “**Series 2020B Purchase Price**,” and together with the Series 2020A Purchase Price, the “**Purchase Price**”) (being the principal amount of the Series 2020B Bonds, and less an Underwriter’s discount of \$_____). The Purchase Price will be delivered to the Trustee on behalf of the Successor Agency.

The Purchase Price is to be paid on the Closing Date (as defined in Section 6 below). The Bonds shall be dated the Closing Date, and shall bear interest at the rates, shall mature on the dates and in the principal amounts, all as set forth in the attached Exhibit A.

As an accommodation to the Successor Agency, the Underwriter will pay, from the Purchase Price, the sum of \$_____ to _____ (the “**Insurer**”) as the premium for its municipal bond insurance policies issued for the Bonds (the “**Insurance Policies**”) and the sum of \$_____ to the Insurer as the premium for the Reserve Subaccount Insurance Policy (defined below). Such amounts shall be credited against the Purchase Price to be remitted by the Underwriter to the Trustee pursuant to the foregoing paragraph.

(b) The Bonds of each series are being issued for the purpose of (i) prepaying or redeeming the Refunded Obligations (as defined in the Official Statement), (ii) purchasing a debt service reserve insurance policy to be credited to the 2020 Reserve Subaccount (the “**Reserve Subaccount Insurance Policy**”) and the Insurance Policies issued by the Insurer, (iii) paying costs of issuance of such Bonds.

The Bonds are special obligations of the Successor Agency, payable from, and secured by a lien on Tax Revenues.

[The payment of principal of and interest on the Bonds, when due, will be insured by the Insurance Policies issued by the Insurer concurrently with the delivery of the Bonds.]

(c) Under Escrow Agreement, dated as of _____ 1, 2020 (the “**Escrow Agreement**”), among the Successor Agency, the Fullerton Public Financing Authority (the “**Authority**”) and U.S. Bank National Association, as escrow bank (the “**Escrow Bank**”), provision will be made for the payment and redemption of the Refunded Obligations.

(d) Issuance of the Bonds was authorized by a resolution of the Successor Agency Board of Directors (the “**Agency Board**”), adopted on _____, 2020 (the “**Successor Agency Bond Resolution**”), and a resolution of the Oversight Board, adopted on _____, 2020 (the “**Oversight Board Resolution**”).

2. *Bona Fide Public Offering.* The Underwriter agrees to make a bona fide public offering of all of the Bonds, at prices not in excess of the initial public offering yields or prices set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

3. *Official Statement.* The Successor Agency shall deliver or cause to be delivered to the Underwriter promptly after acceptance of this Bond Purchase Agreement copies of the Official Statement relating to the Bonds, dated the date hereof (together with all exhibits and appendices included therein or attached thereto and with such amendments or supplements thereto which shall be approved by the Underwriter, the “**Official Statement**”). The Successor Agency authorizes the Official Statement, including the cover page and Appendices thereto and the information contained therein, to be used in connection with the sale of the Bonds and ratifies, confirms and approves the use and distribution by the Underwriter for such purpose, prior to the date hereof, of the Preliminary Official Statement dated _____, 2020 relating to the Bonds (the “**Preliminary Official Statement**”). The Successor Agency deems the Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”), except for information allowed to be omitted by Rule 15c2-12.

The Successor Agency also agrees to deliver to the Underwriter, at the Successor Agency’s sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12, with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. At least one copy of the Official Statement shall be in word searchable portable document format (PDF). The Successor Agency agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof, but in any event no later than the Closing Date. The Official Statement shall contain all information previously permitted to be omitted from the Preliminary Official Statement by Rule 15c2-12.

The Underwriter agrees to deliver or cause to be delivered to each purchaser of the Bonds from it, upon request, a copy of the Official Statement, for the time period required under Rule 15c2-12. The Underwriter also agrees to promptly file a copy of the final Official Statement, including any supplements prepared by the Successor Agency and delivered to the Underwriter, with a nationally recognized municipal securities information repository (currently, the Electronic Municipal Market Access System (referred to as “**EMMA**”), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org), and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules

governing the use of the Official Statement in connection with offering, sale and delivery of the Bonds to the ultimate purchasers thereof.

4. *Representations, Warranties and Agreements of the Successor Agency.* The Successor Agency represents and warrants to the Underwriter that, as of the Closing Date:

(a) The Successor Agency is a public entity existing under the laws of the State, including the Dissolution Act, and is authorized, among other things, (i) to issue the Bonds, and (ii) to secure the Bonds in the manner contemplated by the Indenture.

(b) The Successor Agency has the full right, power and authority (i) to enter into the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate (defined below), and this Bond Purchase Agreement (collectively, the “**Successor Agency Documents**”), (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents, and the Successor Agency has complied with all provisions of applicable law in all matters relating to such transactions.

(c) The Successor Agency has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance by the Successor Agency of the Successor Agency Documents, (ii) the distribution and use of the “deemed final” Preliminary Official Statement and the execution, delivery and distribution of the final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the Successor Agency to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the Successor Agency in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The information contained in the Preliminary Official Statement (excluding therefrom any information relating to the Insurer, the Insurance Policies, the Reserve Subaccount Insurance Policy, The Depository Trust Company (“**DTC**”) and its book-entry system included therein, information provided by the Underwriter and the information therein under the caption “CONCLUDING INFORMATION - Underwriting”) is true and correct in all material respects, and did not as of its date contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The information contained in the Official Statement (excluding therefrom any information relating to the Insurer, the Insurance Policies, the Reserve Subaccount Insurance Policy, DTC and its book-entry system included therein, information provided by the Underwriter and the information therein under the caption “CONCLUDING INFORMATION - Underwriting”) is true and correct in all material respects, and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Neither the execution and delivery by the Successor Agency of the Successor Agency Documents and of the Bonds nor the consummation of the transactions on the part of the Successor Agency contemplated herein or therein or the compliance with the provisions

hereof or thereof will, in any material way, conflict with, or constitute on the part of the Successor Agency a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, note or other agreement or instrument to which the Successor Agency is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Successor Agency (or the Board members of the Successor Agency or any of its officers in their respective capacities as such) is subject.

(g) The Successor Agency has never been in default at any time, as to principal of or interest on any obligation which it has issued except as otherwise specifically disclosed in the Official Statement; and the Successor Agency has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Tax Revenues (senior to or on a parity with the pledge thereof under the Indenture), except as is specifically disclosed in the Preliminary Official Statement and the Official Statement.

(h) Except as will be specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the Successor Agency or, to the knowledge of the Successor Agency, threatened, which in any way questions the powers of the Successor Agency referred to in paragraph (b) above, or the validity of any proceeding taken by the Successor Agency in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Successor Agency Documents, or which, in any way, could adversely affect the validity or enforceability of the Successor Agency Documents or the Bonds or, to the knowledge of the Successor Agency, which in any way questions the exclusion from gross income of the recipients thereof the interest on the Series 2020A Bonds for federal income tax purposes or in any other way questions the status of the Series 2020A Bonds under federal or state tax laws or regulations or which in any way could materially adversely affect the availability of Tax Revenues to pay the debt service on the Bonds.

(i) Any written certificate signed by any official of the Successor Agency and delivered to the Underwriter in connection with the offer or sale of the Bonds shall be deemed a representation and warranty by the Successor Agency to the Underwriter as to the truth of the statements therein contained.

(j) The Successor Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(k) The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Successor Agency will not be required to execute a special or general consent to service of process or

qualify as a foreign corporation in connection with any such qualification or determination in any jurisdiction.

(l) All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Successor Agency of, its obligations under the Indenture and the Escrow Agreement have been duly obtained or made and are in full force and effect.

(m) Between the date of this Bond Purchase Agreement and the Closing Date, the Successor Agency will not offer or issue any bonds, notes or other obligations for borrowed money secured by a pledge of or lien on Tax Revenues on a basis senior to or on a parity with the Bonds except as previously disclosed in writing to the Underwriter.

(n) The Successor Agency will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Preliminary Official Statement and the Official Statement.

(o) Except as otherwise described in the Official Statement, as of the Closing Date, the Successor Agency will not have outstanding any indebtedness which indebtedness is secured by a lien on the Tax Revenues on a parity with or senior to the lien provided for in the Indenture on the Tax Revenues.

(p) Except as described in the Preliminary Official Statement and the Official Statement and based upon a review of its previous undertakings, the Successor Agency has not failed, within the last five years, to comply in all material respects with any undertaking of the Successor Agency pursuant to Rule 15c2-12.

(q) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the information therein, in the light of the circumstances under which it was presented, not misleading, the Successor Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Successor Agency, or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Successor Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Successor Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the

Successor Agency may assume that the “End of the Underwriting Period” is the Closing Date.

(r) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (q) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make the information therein in the light of the circumstances under which it was presented, not misleading.

(s) The Oversight Board has duly adopted the Oversight Board Resolution and no further Oversight Board approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Official Statement.

(t) The Department of Finance of the State (the “**Department of Finance**”) has issued a letter, dated _____, 2020, approving the issuance of the Bonds. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Official Statement. The Successor Agency has received its Finding of Completion from the Department of Finance pursuant to section 34179.7 of the Dissolution Act. Except as disclosed in the Official Statement, the Successor Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations to the Successor Agency pursuant to Section 34183 of the Dissolution Act.

(u) The financial statements of, and other financial information regarding the Successor Agency, in the Official Statement fairly present the financial position and results of the Successor Agency as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Successor Agency. The Successor Agency is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Successor Agency, would have a materially adverse effect on the financial condition of the Successor Agency.

(v) As of the time of acceptance hereof and as of the Closing Date, the Successor Agency has complied with the filing of all Recognized Obligation Payment Schedules as required by law.

5. *Covenants of the Successor Agency.* The Successor Agency covenants with the Underwriter as of the Closing Date as follows:

(a) The Successor Agency covenants and agrees that it will execute a continuing disclosure certificate, constituting an undertaking to provide ongoing disclosure about the Successor Agency, for the benefit of the owners of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12, substantially in the form attached to the Official Statement (the “**Continuing Disclosure Certificate**”).

(b) The Successor Agency agrees to cooperate with the Underwriter in the preparation of any supplement or amendment to the Official Statement deemed necessary by the Underwriter to comply with Rule 15c2-12 and any applicable rule of the MSRB.

(c) If at any time prior to the Closing Date, any event occurs with respect to the Successor Agency as a result of which the Official Statement, as then amended or supplemented, might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Successor Agency shall promptly notify the Underwriter in writing of such event. Any information supplied by the Successor Agency for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact or omit to state any such fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Successor Agency will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Series 2020A Bonds to be includable in gross income of the owners of the Series 2020A Bonds for federal income tax purposes.

6. *Closing.* On _____, 2020, or at such other date and times as shall have been mutually agreed upon by the Successor Agency and the Underwriter (the “**Closing Date**”), the Successor Agency will deliver or cause to be delivered the Bonds to the Underwriter, and the Successor Agency shall deliver or cause to be delivered to the Underwriter the certificates, opinions and documents hereinafter mentioned, each of which shall be dated as of the Closing Date. The activities relating to the execution and delivery of the Bonds, opinions and other instruments as described in Section 8 of this Bond Purchase Agreement shall occur on the Closing Date, unless otherwise specified herein. The delivery of the certificates, opinions and documents as described herein shall be made at the offices Stradling Yocca Carlson & Rauth, A Professional Corporation, in Newport Beach, California (“**Bond Counsel**”), or at such other place as shall have been mutually agreed upon by the Successor Agency and the Underwriter. Such delivery is herein called the “**Closing**.”

The Bonds will be prepared and physically delivered to the Trustee on the Closing Date in the form of a separate single fully registered bond for each of the maturities of the Bonds. The Bonds shall be registered in the name of the Cede & Co., as registered owner and nominee for DTC, New York, New York. The Bonds will be authenticated by the Trustee in accordance with the terms and provisions of the Indenture and shall be delivered to DTC prior to the Closing Date as required by DTC to assure delivery of the Bonds on the Closing Date. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Bond Purchase Agreement.

At or before 8:30 a.m., Pacific Standard time, on the Closing Date, the Successor Agency will deliver, or cause to be delivered, the Bonds to DTC, in definitive form duly executed and authenticated by the Trustee, and the Underwriter will pay the Purchase Price of the Bonds by delivering to the Trustee, for the account of the Successor Agency a wire transfer in federal funds of

the Purchase Price payable to the order of the Trustee, less the amounts remitted by the Underwriter to the Insurer as described in the third paragraph of Section 1(a).

7. *Establishment of Issue Price.*

(a) The Underwriter agrees to assist the Successor Agency in establishing the issue price of the Series 2020A Bonds and shall execute and deliver to the Successor Agency at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Successor Agency and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2020A Bonds.

(b) The Successor Agency will treat the first price at which 10% of each maturity of the Series 2020A Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Successor Agency the price or prices at which it has sold to the public each maturity of Series 2020A Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2020A Bonds, the Underwriter agrees to promptly report to the Successor Agency the prices at which it sells the unsold Series 2020A Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Series 2020A Bonds of that maturity or (ii) the 10% test has been satisfied as to the Series 2020A Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Successor Agency or Bond Counsel. For purposes of this Section, if Series 2020A Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2020A Bonds.

Subsection (c) shall apply only if the Underwriter agrees to apply the hold-the-offering-price rule, as described below.

(c) The Underwriter confirms that it has offered the Series 2020A Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Series 2020A Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Bond Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Successor Agency and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Successor Agency to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2020A Bonds, the Underwriter will neither offer nor sell unsold Series 2020A Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2020A Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Successor Agency promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2020A Bonds to the public at a price that is no higher than the initial offering price to the public.

- (d) The Underwriter confirms that:

- (i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Series 2020A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- (A)(i) to report the prices at which it sells to the public the unsold Series 2020A Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2020A Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Series 2020A Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

- (B) to promptly notify the Underwriter of any sales of Series 2020A Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2020A Bonds to the public (each such term being used as defined below), and

- (C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

- (ii) any selling group agreement relating to the initial sale of the Series 2020A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2020A Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2020A Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2020A Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Series 2020A Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

- (e) The Successor Agency acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2020A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of

the Series 2020A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2020A Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Series 2020A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2020A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2020A Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Successor Agency further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2020A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2020A Bonds.

(f) The Underwriter acknowledges that sales of any Series 2020A Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2020A Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Successor Agency (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2020A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2020A Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2020A Bonds to the public);

(iii) a purchaser of any of the Series 2020A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

8. *Closing Conditions.* The obligations of the Underwriter hereunder shall be subject to the performance by the Successor Agency of its obligations hereunder at or prior to the Closing Date and are also subject to the following conditions:

(a) the representations, warranties and covenants of the Successor Agency contained herein shall be true and correct in all material respects as of the Closing Date;

(b) as of the Closing Date, there shall have been no material adverse change in the financial condition of the Successor Agency since June 30, 2019;

(c) as of the Closing Date, all official action of the Successor Agency relating to the approval and authorization of this Bond Purchase Agreement, the Continuing Disclosure Certificate, the Escrow Agreement and the Indenture shall be in full force and effect;

(d) as of the Closing Date, the Underwriter shall receive the following certificates, opinions and documents, in each case satisfactory in form and substance to the Underwriter:

(i) a copy of the Indenture, as duly executed and delivered by the Successor Agency and the Trustee;

(ii) a copy of the Continuing Disclosure Certificate, as duly executed and delivered by the Successor Agency;

(iii) a copy of the Escrow Agreement, as duly executed and delivered by the Successor Agency, the Authority and the Escrow Bank;

(iv) the opinion of Bond Counsel, dated the Closing Date and addressed to the Successor Agency, in the form attached as Appendix B to the Official Statement and a reliance letter, dated the Closing Date and addressed to the Underwriter which shall include a statement that the opinion substantially in the form attached as Appendix B to the Official Statement may be relied upon by the Underwriter to the same extent as if such opinion was addressed to them;

(i) an opinion of Bond Counsel, dated the Closing Date and addressed to the Trustee, the Successor Agency and the Underwriter, in form and substance acceptable to each of them, as required by Section 7.01(b)(ii) of the Original Indenture;

(ii) a certificate, dated the Closing Date, of the Successor Agency executed by its Executive Director (or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution of the Successor Agency) to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Successor Agency or, to the knowledge of the Executive Director, threatened against or affecting the Successor Agency to restrain or enjoin the Successor Agency's participation in, or in any way contesting the existence of the Successor Agency or the powers of the Successor Agency with respect to, the transactions contemplated by the Escrow Agreement, this Bond Purchase Agreement, the Continuing Disclosure Certificate or the Indenture, and consummation of such transactions; (B) the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement are true and correct in all material respects, and the Successor Agency has complied, in all material respects, with all agreements and covenants and

satisfied all conditions to be satisfied at or prior to the Closing Date as contemplated by the Indenture and this Bond Purchase Agreement; (C) to the best knowledge of such officer, no event affecting the Successor Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (D) no further consent is required to be obtained for the inclusion of the Audited Financial Statements of the City for the Fiscal Year End June 30, 2019, as Appendix E to the Official Statement;

(iii) an opinion of the City Attorney, as counsel to the Successor Agency, dated the Closing Date, addressed to the Underwriter and the Successor Agency, in form and substance acceptable to each of them, dated the date of the Closing, to the following effect:

(A) The Successor Agency is a public entity, duly organized and validly existing under the laws of the State;

(B) The execution and delivery of the Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, and this Bond Purchase Agreement have been duly approved by the Successor Agency Resolution adopted by the Agency Board at a meeting duly called and held in accordance pursuant to law and with all public notice required by law and at each of which a quorum of the members of the Agency Board was continuously present, and the Successor Agency Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) Except as described in the Official Statement, there is no litigation pending against the Successor Agency and notice of which has been served on the Successor Agency, or to the best of such counsel's knowledge after due inquiry, threatened against the Successor Agency, which: (1) challenges the right or title of any member or officer of the Successor Agency to hold his or her respective office or exercise or perform the powers and duties pertaining thereto; (2) challenges the validity or enforceability of the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, or the Bond Purchase Agreement; (3) seeks to restrain or enjoin the issuance and sale of the Bonds, the adoption or effectiveness of the Successor Agency Resolution and Indenture, or the execution and delivery by the Successor Agency of, or the performance by the Successor Agency of its obligations under the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, or the Bond Purchase Agreement; or (4) if determined adversely to the Successor Agency or its interests, would have a material and adverse effect upon the financial condition, assets, properties or operations of the Successor Agency; and

(D) The execution and delivery by the Successor Agency of, and the performance by the Successor Agency of its obligations under, the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, and the Bond Purchase Agreement, do not in any material respect conflict

with, violate or constitute a default under any provision of any law, court order or decree or any contract, instrument or agreement to which the Successor Agency is a party or by which it is bound.:

(iv) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Trustee is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture;

(B) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(C) The Trustee has duly authenticated the Bonds in accordance with the Indenture; and

(D) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery by the Trustee of the Indenture or the consummation of the transactions on the part of the Trustee contemplated by the Indenture;

(v) an opinion of counsel to the Escrow Bank, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Escrow Bank is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer its obligations created under the Escrow Agreement;

(B) The Escrow Agreement has been duly authorized, executed and delivered by the Escrow Bank and the Escrow Agreement constitutes the legal, valid and binding obligation of the Escrow Bank enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Bank that has not been obtained is or will be required for the execution and delivery by the Escrow Bank of the Escrow Agreement or the consummation of the transactions on the part of the Escrow Bank contemplated by the Escrow Agreement;

(vi) a certificate, dated the Closing Date, of the Trustee, signed by a duly authorized officer of the Trustee, to the effect that (A) the Trustee is duly organized and validly existing as a national banking association, with full corporate power to undertake the obligations of the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trust of the Indenture; and (C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Trustee (either in state or federal courts), or to the knowledge of the Trustee threatened against the Trustee which would restrain or enjoin the execution or delivery of the Indenture, or which would affect the validity or enforceability of the Indenture, or the Trustee's participation in, or in any way contesting the powers or the authority of the Trustee with respect to, the transactions contemplated by the Indenture, or any other agreement, document or certificate related to such transactions;

(vii) a certificate, dated the Closing Date, of the Escrow Bank, signed by a duly authorized officer of the Escrow Bank, to the effect that (A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake of its obligations under the Escrow Agreement; (B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of the obligations of the Escrow Bank under the Escrow Agreement; and (C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank threatened against the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreement, or which would affect the validity or enforceability of the Escrow Agreement or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreement, or any other agreement, document or certificate related to such transactions;

(viii) a supplemental opinion of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, dated the Closing Date, to the following effect:

(A) this Bond Purchase Agreement has been duly authorized, executed and delivered by the Successor Agency, and assuming the valid execution and delivery by the other parties thereto, is valid and binding upon the Successor Agency, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public entities in the State of California; provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein;

(B) the statements contained in the Official Statement under the captions "THE 2020 BONDS," "SECURITY FOR THE 2020 BONDS,"

“TAX MATTERS” and “APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” thereto are accurate insofar as such statements purport to expressly summarize certain provisions of the Bonds, the Indenture and Bond Counsel’s opinion concerning federal tax matters relating to the Bonds; and

(C) the Bonds are exempt from registration pursuant to Section 3(a)(2) of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(ix) the opinion of Kutak Rock LLP, counsel to the Underwriter, addressed to the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter;

(x) a Tax Certificate in the form satisfactory to Bond Counsel;

(xi) the final Official Statement executed by an authorized officer of the Successor Agency;

(xii) certified copies of the Successor Agency Resolution and the Oversight Board Resolution;

(xiii) specimen Bonds;

(xiv) evidence that the federal tax information form 8038-G with respect to the Series 2020A Bonds has been prepared by Bond Counsel for filing;

(xv) a verification report of Causey Demgen & Moore P.C., as to the sufficiency to pay in full the redemption price of the Refunded Obligations of the moneys in the escrow accounts created under the Escrow Agreement;

(xvi) copies of the Insurance Policies and a copy of the Reserve Subaccount Insurance Policy;

(xvii) an opinion of counsel to the Insurer, addressed to the Successor Agency and the Underwriter to the effect that:

(A) the descriptions of the Insurer, the Insurance Policies and the Reserve Subaccount Insurance Policy included in the Official Statement are accurate;

(B) the Insurance Policies and the Reserve Subaccount Insurance Policy constitute the legal, valid and binding obligation of the Insurer, enforceable in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditor’s rights generally and by the application of equitable principles if equitable remedies are sought, and

(C) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xviii) a certificate of the Insurer, signed by an authorized officer of the Insurer, to the effect that:

(A) the information contained in the Official Statement relating to the Insurer, the Insurance Policies, and the Reserve Subaccount Insurance Policy is true and accurate and

(B) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xix) satisfactory evidence that the Bonds have been assigned the ratings as set forth in the Official Statement;

(xx) a certificate of an officer of Urban Futures, Inc. (the “**Fiscal Consultant**”), dated the Closing Date, addressed to the Successor Agency and the Underwriter, to the effect that, to the best of its knowledge, the assessed valuations and other fiscal information contained in the Official Statement, including such firm’s Fiscal Consultant’s Report attached thereto as APPENDIX H, are presented fairly and accurately, and consenting to the use of their report as APPENDIX H to the Preliminary Official Statement and the Official Statement;

(xxi) evidence of required filings with the California Debt and Investment Advisory Commission;

(xxii) a letter of Jones Hall, A Professional Law Corporation, as disclosure counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Underwriter stating that based upon its participation in the preparation of the Preliminary Official Statement and Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Preliminary Official Statement and Official Statement, such counsel has no reason to believe that the Preliminary Official Statement, as of its date and as of the date of this Bond Purchase Agreement, and the Official Statement, as of its date and as of the Closing Date, (excluding therefrom any information relating to the Insurer, the Insurance Policies, the Reserve Subaccount Insurance Policy, DTC and its book-entry system included therein, and CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any determinations regarding valuation, real estate, and environmental matters, or any basis therefor, and any information therein under the caption “CONCLUDING INFORMATION - Underwriting” and the information included in the appendices thereto, as to which no opinion need be expressed) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(xxiii) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing Date of the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement and the due performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency pursuant to this Bond Purchase Agreement.

9. *Termination.* The Underwriter shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

(a) a decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, regulation or offering circular by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Series 2020A Bonds, including causing interest on the Series 2020A Bonds to be included in gross income of the owners of the Series 2020A Bonds for purposes of federal income taxation, or imposing federal income taxation upon revenues or other income of the general character to be derived by the Successor Agency or by any similar body under the Indenture or similar documents or upon interest received on obligations of the general character of the Series 2020A Bonds which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of or market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(b) legislation shall have been enacted, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that of the Bonds, including any underlying obligations, or the Indenture, as the case may be, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the delivery or performance of the Indenture, the Escrow Agreement or the Continuing Disclosure Certificate, as contemplated hereby or by the Official Statement, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(e) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(f) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(g) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Successor Agency or the Former Agency; or

(h) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(i) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriter; or

(j) there shall exist any event or circumstance which in the reasonable opinion of the Underwriter that either: (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or

(k) there shall have occurred or any notice shall have been given of any intended downgrade, suspension, withdrawal or negative change in credit watch status by any national credit agency of the Insurer; or

(l) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(m) any rating of the Bonds shall have been downgraded, suspended or withdrawn or placed on negative outlook or negative watch by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds.

10. *Contingency of Obligations.* The obligations of the Successor Agency hereunder are subject to the performance by the Underwriter of its obligations hereunder.

11. *Duration of Representations, Warranties, Agreements and Covenants.* All representations, warranties, agreements and covenants of the Successor Agency shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter or the Successor Agency and shall survive the Closing Date.

12. *Expenses.* (a) Except as set forth below and only upon the issuance of the Bonds, the Successor Agency will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, execution and delivery of the Bonds, costs of printing the Bonds, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto, the fees and disbursements of Bond Counsel, Disclosure Counsel, and counsel to the Successor Agency, the fees and expenses of the Successor Agency's accountants, fees of the Municipal Advisor, fees of the Fiscal Consultant, any fees charged by rating agencies for the rating of the Bonds and fees of the Trustee and the Escrow Bank. In the event this Bond Purchase Agreement shall terminate because of the default of the Underwriter, the Successor Agency will, nevertheless, pay, or cause to be paid, all of the expenses specified above.

(b) The Underwriter shall pay the fees and expenses of its counsel, all advertising expenses incurred in connection with the public offering of the Bonds, fees of the California Debt and Investment Advisory Commission, CUSIP fees and all other expenses incurred by it in connection with the public offering and distribution of the Bonds (including out-of-pocket expenses and related regulatory expenses).

13. *Notices.* Any notice or other communication to be given to the Successor Agency under this Bond Purchase Agreement may be given by delivering the same in writing to the Executive Director at the address referenced above and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 515 S. Figueroa Street, Suite 1800, Los Angeles, California 90071, Attention: Public Finance Department.

14. *Parties in Interest.* This Bond Purchase Agreement is made solely for the benefit of the Successor Agency and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

15. *Governing Law.* This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

16. *Headings.* The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

17. *Severability.* In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

18. *Effectiveness.* This Bond Purchase Agreement shall become effective upon its acceptance hereof by the Successor Agency.

19. *Counterparts.* This Bond Purchase Agreement may be executed in several counterparts which together shall constitute one and the same instrument.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**, as Underwriter

By _____
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY**

By _____
Authorized Officer

Time of Execution: _____ p.m.
California time

**EXHIBIT A TO THE
BOND PURCHASE AGREEMENT**

\$ _____
**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS,
SERIES 2020A**

MATURITY SCHEDULE

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The- Offering- Price Rule (<i>marked if used</i>)
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
20__ ⁽¹⁾							
20__ ⁽¹⁾							

⁽¹⁾ Term Bond.

^(c) Priced to optional call at [par] on September 1, 20__.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

\$ _____
**SUCCESSOR AGENCY TO THE
 FULLERTON REDEVELOPMENT AGENCY
 MERGED FULLERTON REDEVELOPMENT PROJECT AREA
 TAX ALLOCATION REFUNDING BONDS,
 SERIES 2020B (FEDERALLY TAXABLE)**

MATURITY SCHEDULE

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
20__ ^(T)				

^(T) Term Bond.

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____
**SUCCESSOR AGENCY TO THE
FULLERTON REDEVELOPMENT AGENCY
MERGED FULLERTON REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS,
SERIES 2020A**

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Issuer*** means the Successor Agency to the Fullerton Redevelopment Agency.

(c) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. ***Yield.*** Stifel has calculated the arbitrage yield with respect to the Bonds, in accordance with the directions of Bond Counsel. The proof of arbitrage yield is attached in Schedule B.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____

Name: _____

By: _____

Name: _____

Dated: _____, 2020

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

(Attached)

SCHEDULE B
YIELD PROOF