

**The City of Garden Grove as Successor Agency to the  
Garden Grove Agency for Community Development**

**INTER-DEPARTMENT MEMORANDUM**

To:	Scott C. Stiles	From:	Kingsley Okereke
Dept:	Director	Dept:	Finance Director/ Assistant City Manager
Subject:	ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF TAX ALLOCATION BONDS AND RELATED CONSULTANT AGREEMENTS IN FURTHERANCE OF THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH GARDEN GROVE MXD, INC. (WATER PARK HOTEL)		
		Date:	October 13, 2015

**OBJECTIVE**

The purpose of this report is to request that the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development (the "Successor Agency") adopt a resolution authorizing and approving the issuance of tax allocation bonds to fund the Successor Agency's obligation to pay \$42 million to Garden Grove MXD Inc. (the "Developer") under the First Amended and Restated Disposition and Development Agreement dated as of April 13, 2010 (the "Agreement"), and approve related agreements for with Fiscal, and legal counsel and consultant required to complete the bond issuance.

**BACKGROUND**

Since the dissolution of redevelopment went into effect on February 1, 2012, the Successor Agency has completed all of the requirements of both ABx1-26 and AB-1484, the statutes governing redevelopment dissolution, and received a Finding of Completion from the California Department of Finance ("DOF") on May 15, 2013. Additionally, the Successor Agency has worked with the DOF to designate the Agreement as an enforceable obligation. On February 6, 2013, the Successor Agency received a final and conclusive determination from the DOF pursuant to Health and Safety Code Section 34177.5(i) that the Agreement is an enforceable obligation. Also, on November 8, 2013, the DOF approved an Implementation Agreement between the Successor Agency and the Developer confirming the obligations of the Successor Agency and Developer pursuant to the Agreement, including the requirement in the

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Agreement that the Successor Agency use best efforts to issue tax allocation bonds in order to fulfill its obligation to pay the Developer \$42 million 30 days following the date the Water Park Hotel opens for business and receives the certificate of occupancy from the City (the "McWhinney DDA Obligation").

### DISCUSSION

Pursuant to the Agreement, on September 17, 2015, the developer provided to the Successor Agency a letter indicating that based on the current construction schedule, the Developer anticipates opening the Water Park Hotel within six months (on or before March 17, 2016). This letter serves as notice to the Successor Agency to begin the process of issuing tax allocation bonds to fund the McWhinney DDA Obligation (the "Bonds").

It is anticipated that the debt service payments on the Bonds, when added to payments on the Successor Agency's 2014 Bonds, will be structured to provide a debt service payment structure to provide the best debt service coverage through the financing period. The financial analyses for the bond payment was prepared by the City's Financial Advisor, Urban Futures, Inc., and Underwriters, Mesirow Financial Inc., Ramirez & Co., Inc. and Stifel, Nicolaus & Company, Incorporated and are attached as Attachment 2.

The attached authorizing resolution of the Successor Agency formally authorizes issuance of Bond in aggregate principal amount necessary to net \$47 million principal amount, subject to compliance with various criteria, including that, (i) establish a customary debt service reserve fund, and pay related costs of issuance; (ii) the all-in true interest cost of the Bonds will not exceed 5.75%; and (iii) the Underwriters' discount (exclusive of original issue discount) will not exceed 0.50% of the principal amount of the bonds. The proposed resolution also authorizes the assembling of the financing team that includes a Financial Advisor, Bond Counsel, Disclosure Counsel, Fiscal Consultant, Trustee and Underwriters, and other essential participants who will be responsible for preparing, marketing and actually selling the debt. The actions taken in the proposed resolution will be subject to Oversight Board and DOF approval. The following actions are appropriate and necessary under the circumstances with respect to each team member.

- Financial Advisor - Approval to retain the firm of Urban Futures, Inc. as the Financial Advisor, to research and assemble the financial analysis supporting this bond issue. A consultant services agreement with Urban Futures, Inc. is attached for Successor Agency Approval (Attachment 3).
- Fiscal Consultant - Approval to retain the firm of HdL Coren & Cone as the Fiscal Consultant, to prepare the Fiscal Consultant's Report supporting this bond issue. The Fiscal Consultant's Report will examine all the factors that may positively or negatively impact the Redevelopment Property Tax Trust Fund ("RPTTF"), which is the source of payment of debt service on the Bonds. A consultant services

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agreement with HdL Coren & Cone is attached for Successor Agency approval (Attachment 4).

- Bond Counsel - Approval to retain the law firm of Stradling Yocca Carlson & Rauth ("SYCR") to serve as Bond Counsel for this transaction. SYCR currently acts as Special Counsel to the Successor Agency and has worked with the City, the Successor Agency and the former Redevelopment Agency on previous bond and certificate of participation issuances.
- Disclosure Counsel - Approval to retain the law firm of Jones Hall to serve as disclosure counsel for this transaction.
- Underwriters - Approval of Mesirow Financial Inc., Ramirez & Co., Inc. and Stifel, Nicolaus & Company, Incorporated as Co-Managing Underwriters for this issuance. These firms were selected as the three top underwriting firms from a field of eleven qualified underwriters who responded to the Successor Agency's request for proposals for underwriting services. (Attachment 4)

Following approval by the Successor Agency, the proposed Bond issuance will be submitted to the Oversight Board for approval, and then to the DOF for approval. Upon approval by the DOF, staff will be prepared to move forward with the issuance of Bonds to fund the McWhinney DDA Obligation when due under the Agreement.

Prior to issuing the Bonds, the Successor Agency Board will be presented with, and asked to approve, a Preliminary Official Statement. The Preliminary Official Statement is the disclosure document which is used by the Underwriters to introduce and market the Bonds to investors, and which is the vehicle for the Successor Agency's disclosure of all information that may be material to investors in the Bonds.

### FINANCIAL IMPACT

The debt service payments as well as the cost of the issuance of the Bonds will be paid from the Successor Agency's Redevelopment Property Tax Trust Fund ("RPTTF") moneys. The proposed debt service coverage analysis for the Bonds indicates a debt service coverage in excess of 1.5 times over the life of the bonds. Successor Agency staff anticipates, based on financial analysis provided by the Fiscal Consultant and Financial Advisor, that after payment of the debt service on the Bonds and other debt obligations of the Successor Agency, there will be sufficient residual revenue remaining to pay all other enforceable obligations listed on future Recognized Obligation Payment Schedules with additional RPTTF moneys available for disbursement to the taxing entities.

### RECOMMENDATION

Staff recommends that the Successor Agency:

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- Adopt the attached Resolution Authorizing the Issuance of 2016 Tax Allocation Bonds to Fund the McWhinney DDA obligation, an Enforceable Obligation and Approve the Form of a First Supplemental Indenture Of Trust, Bond Purchase Contract, Continuing Disclosure Agreement and Related Documents and Authorize Certain Other necessary Actions In Connection therewith;
- Authorize the Director or his designee to transmit said Resolution to the Oversight Board for approval;
- Authorize the Director or his designee to execute a contract with Urban Futures, Inc., and appoint same as the Successor Agency's Financial Advisor for this transaction as described herein, subject to approval by the Oversight Board and Department of Finance;
- Authorize the Director or his designee to execute a contract with HdL Coren & Cone, and appoint same as the Successor Agency's Fiscal Consultant for this transaction as described herein, subject to approval by the Oversight Board and Department of Finance;
- Authorize the Director or his designee to appoint SYCR as Bond Counsel and Jones Hall as Disclosure Counsel for this transaction as described herein, subject to approval by the Oversight Board and Department of Finance; and
- Authorize the Director or his designee to enter into all other necessary agreements to assemble the finance team including Underwriter, Bond Counsel, Disclosure Counsel, Trustee, Fiscal Agent, etc., and to effectively prepare for and effectuate the issuance of the Bonds, subject to approval by the Oversight Board and Department of Finance.

  
KINGSLEY OKEREKE

Assistant City Manager/Finance Director

  
By: Greg Blodgett  
Senior Project Manager

Recommended for Approval



Scott C. Stiles  
Director

Attachment 1:	Resolution
Attachment 2:	Bond Refunding Analysis
Attachment 3:	Urban Futures, Inc. Consultant Services Agreement
Attachment 4:	HdL Coren & Cone Consultant Services Agreement
Attachment 5:	Indenture of Trust Agreement
Attachment 6:	First Supplemental Indenture of Trust



## RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT AUTHORIZING THE ISSUANCE AND SALE OF TAX ALLOCATION BONDS TO FUND AN ENFORCEABLE OBLIGATION AND APPROVING THE FORM OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST, BOND PURCHASE CONTRACT, CONTINUING DISCLOSURE AGREEMENT AND RELATED DOCUMENTS AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Garden Grove Agency for Community Development (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 Health and Safety Code (the "Code") of the State of California) (the "Law"), 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 Garden Grove Community Project (the "Redevelopment Project") has been adopted and approved by the City of Garden Grove 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, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill"); and

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

WHEREAS, the powers, assets and obligations of the Former Agency were transferred on February 1, 2012 to the Successor Agency to the Garden Grove Agency for Community Development (the "Successor Agency"); and

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

WHEREAS, the Former Agency, prior to dissolution, entered into that certain First Amended and Restated Disposition and Development Agreement between the Former Agency and Garden Grove MXD, LLC, whose interest has been assigned to Garden Grove MXD, Inc. (the "Developer"), dated April 10, 2010 (together with the Implementation Agreement described below, the "DDA"); and

WHEREAS, the original DDA was approved by the Department of Finance in its Final and Conclusive Determination dated February 6, 2013; and

WHEREAS, the Successor Agency and the Developer entered into an Implementation Agreement dated as of October 8, 2013 (the "Implementation Agreement") which was entered into pursuant to the original DDA and which was approved by the Oversight Board on October 16, 2013 and the Department of Finance in a letter dated November 8, 2013; and

WHEREAS, the DDA provides, among other things, for payment by the Former Agency to the Developer of \$42,000,000 as more fully set forth in the DDA (the "McWhinney DDA Obligation," also referred to in the Implementation Agreement as the "Remaining Covenant Consideration") to be paid 30 days after the later of the date on which the Water Park Hotel described therein opens, or the Certificate of Occupancy is received for the Water Park Hotel as more fully described in the DDA (the "McWhinney DDA Conditions"); and

WHEREAS, the DDA provides that the Successor Agency will issue its Tax Allocation Bonds to pay the McWhinney DDA Obligation, subject to the McWhinney DDA Conditions; and

WHEREAS, Section 34177.5(a)(4) of the Code authorizes successor agencies to issue bonds to make payments under enforceable obligations of their former redevelopment agencies such as the McWhinney DDA Obligation, when the enforceable obligation includes the irrevocable pledge of property tax increment and the obligation to issue bonds secured by that pledge; provided that the amount of property tax increment pledged to the enforceable obligation is not increased and no revenues are pledged under bonds issued by the successor agency that were not pledged pursuant to the enforceable obligation; and

WHEREAS, Section 34177.5(f) of the Code provides that the actions authorized under the foregoing Section of the Code are subject to the approval of the applicable oversight board; and

WHEREAS, the Former Agency has previously entered into a Credit Agreement with Union Bank of California, N.A., dated as of June 2, 2008 providing for a loan to the Agency in the amount of up to \$32 million (the "2008 Loan"), which 2008 Loan is payable from certain tax increment revenues of the Former Agency for the Redevelopment Project; and

WHEREAS, the Successor Agency has previously issued its \$38,810,000 Garden Grove Community Project Tax Allocation Refunding Bonds, Issue of 2014 (the "2014 Bonds") pursuant to an Indenture of Trust between the Successor Agency and U.S. Bank National Association, dated June 1, 2014 (the "2014 Indenture") for the purpose of refunding in full its 2003 Tax Allocation Refunding Bonds (Garden Grove Community Project) (the "2003 Bonds"), previously issued in the original principal amount of \$57,025,000 for the purpose of refinancing other indebtedness of the Former Agency and to finance redevelopment activities of the Former Agency for the Redevelopment Project; and

WHEREAS, the DDA requires funding of the McWhinney DDA Obligation through the issuance of tax allocation bonds of the Agency secured on a parity with the 2003 Bonds or any bonds which refund the 2003 Bonds, such as the 2014 Bonds; and

WHEREAS, the Developer submitted a letter dated September 17, 2015 to the Successor Agency providing notice that the Developer expects the McWhinney DDA Obligation to come due no later than March 17, 2016, as provided in Section 408.1 of the DDA; and

WHEREAS, by letter dated January 30, 2014 and supplemental letter dated June 23, 2014, Union Bank N.A. (now MUFG Union Bank, N.A.) provided written consent to the issuance by the Successor Agency of tax allocation bonds to fund the McWhinney DDA Obligation, subject to certain conditions; and

WHEREAS, the Successor Agency wishes at this time to issue bonds (the "2016 Bonds") in the aggregate principal amount necessary to provide net proceeds sufficient to fund the McWhinney DDA Obligation, in no event to exceed Forty-Seven Million Dollars (\$47,000,000), on a parity with the 2014 Bonds, secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a) and Section 34177.5(g), for the sole purpose of funding the McWhinney DDA Obligation in full upon satisfaction of the conditions to such payment set forth in the DDA, including the McWhinney DDA Conditions; and

WHEREAS, the Successor Agency wishes at this time to approve all matters relating to the issuance and sale of the 2016 Bonds.

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. Provided the McWhinney DDA Conditions are met, as certified by the Executive Director in writing and subject to the provisions of the Indenture referred to in Section 2 hereof, the issuance of the 2016 Bonds in the aggregate principal amount necessary to provide net proceeds sufficient to fund the McWhinney DDA Obligation, in no event to exceed Forty-Seven Million Dollars (\$47,000,000) on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The 2016 Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture, as the same will be completed as provided in this Resolution. The proceeds of the sale of the 2016 Bonds shall be applied to fund costs of issuance of the 2016 Bonds, fund a reserve, purchase bond insurance and/or a surety for reserve, if applicable, and to fund the McWhinney DDA Obligation, as provided in the Supplemental Indenture, and to no other purpose. The Successor Agency Board finds and determines that the issuance of the 2016 Bonds pursuant to the Indenture is authorized by Section 34177.5(a)(4) of the Code.

In no event shall the 2016 Bonds be issued, or 2016 Bond proceeds disbursed to pay the McWhinney DDA Obligation, except upon compliance with the terms of the Supplemental Indenture with respect thereto.

Section 2. The First Supplemental Indenture of Trust in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein (the "Supplemental Indenture"), is hereby approved. The Supplemental Indenture supplements the 2014 Indenture; the Supplemental Indenture and the 2014 Indenture are referred to herein collectively at times as the "Indenture." The Chair and the Secretary of the Successor Agency (or their authorized designees) are hereby authorized and directed to execute and deliver the Supplemental Indenture in the form presented at this meeting with such changes, insertions and omissions as may be requested by Bond Counsel and approved by the Chair, said execution being conclusive evidence of such approval. Specifically and without limiting the foregoing, the Director is authorized and directed to solicit and accept bids for bond insurance and/or a surety for reserve for the 2016 Bonds, provided he determines acceptance of the best bid will result in further debt service savings, and appropriate changes to each of the documents referenced herein to evidence such bond insurance and the terms thereof, are hereby authorized and approved.

Section 3. The Bond Purchase Contract between the Successor Agency and Mesirow Financial Inc., Ramirez & Co., Inc. and Stifel, Nicolaus & Company, Incorporated, as Co-Managing

Underwriters (collectively, the "Underwriter"), or a representative of them, in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Subject to Successor Agency approval of the Preliminary Official Statement described in Section 4 below, the Director of the Successor Agency or his authorized designee is hereby authorized and directed to execute the Bond Purchase Contract in the form presented at this meeting with such changes, insertions and omissions as may be approved by the Director, said execution being conclusive evidence of such approval; provided, however, that the Bond Purchase Contract shall be signed only if the terms of the agreement are such that (i) the principal amount of the 2016 Bonds will not exceed the amount required to pay the McWhinney DDA Obligation, establish a customary debt service reserve fund, and pay related costs of issuance; (ii) the all-in true interest cost of the 2016 Bonds will not exceed 5.75%; and (iii) the Underwriter's discount (exclusive of original issue discount) will not exceed one-half of one percent (0.50%) of the principal amount of the 2016 Bonds. Further, notwithstanding the enactment of Senate Bill 107, effective as of September 22, 2015, which eliminates the impact of Plan Limitations (defined in the 2014 Indenture) for purposes of paying enforceable obligations, debt service on the 2016 Bonds shall be structured in a manner that takes into account applicable Plan Limitations (except that the Plan Limitation imposing a deadline on the incurrence of indebtedness by the Successor Agency shall not apply to the issuance of the 2016 Bonds).

Section 4. The Director is hereby authorized and directed to prepare for subsequent consideration by the Successor Agency a Preliminary Official Statement or Statements relating to the 2016 Bonds (the "Preliminary Official Statement") for use by the Successor Agency and the Underwriter, in connection with the offering and sale of the 2016 Bonds.

Section 5. The Successor Agency hereby finds and determines, based on all evidence contained in the record before the Successor Agency, that (1) notwithstanding the issuance of the 2016 Bonds, there will be sufficient legally available monies to apply Threshold Site Tax Increment (as that term is defined in that certain Note Purchase Agreement dated as of June 1, 2008, by and between the Former Agency and Van Kampen California Value Municipal Income Trust (the "Katella Cottages Note Purchase Agreement") to pay the Note and the Revised Developer Note (as those terms are defined in the Katella Cottages Note Purchase Agreement) and additional Pledged Tax Revenues (as defined in the Indenture) in excess of the Threshold Site Tax Increment to pay debt service on the 2008 Loan, the 2014 Bonds and the 2016 Bonds; and (2) the principal amount of the 2016 Bonds has been sized in a manner that provides reasonable assurance that sufficient Threshold Site Tax Increment will be available to pay the Note and the Revised Developer Note.

Section 6. The Chair of the Successor Agency, the Director of the Successor Agency, the Secretary of the Successor Agency, and any other proper officer of the Successor Agency, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments, relating to the 2016 Bonds, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Bond Purchase Contract, the Official Statement, the Continuing Disclosure Agreement, this Resolution and any such agreements, including if determined to be necessary by the Director, with the advice of Bond Counsel, negotiation and acceptance by the Successor Agency of an additional or supplemental written consent or estoppel from MUFG Union Bank, N.A. (the "Supplemental Union Bank Consent"). The Director and the Secretary of the Successor Agency are hereby authorized and directed to negotiate, acknowledge, execute and deliver the Supplemental Union Bank Consent in such form as may be approved by Bond Counsel and the Underwriter, said execution being conclusive evidence of such approval.

Section 7. The Successor Agency hereby finds and determines, based on all evidence and testimony contained in the record, that the Successor Agency has made diligent efforts to ensure that the lowest long-term cost financing will be obtained for the 2016 Bonds, that the financing shall not provide for any bullets or spikes and shall not use variable rates, and that the Successor Agency has retained an independent financial advisor (the "Financial Advisor") in developing financing proposals; the Successor Agency shall make the work product of the Financial Advisor available to the California Department of Finance at its request.

Section 8. U.S. Bank National Association (or such other trustee bank as may be selected by the Director), is hereby appointed as Trustee and Dissemination Agent, Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed as Bond Counsel, Jones Hall, A Professional Law Corporation, is hereby appointed as Disclosure Counsel, Urban Futures, Inc. is hereby appointed as Financial Advisor and HdL Coren & Cone is hereby appointed as Fiscal Consultant. The Director of the Successor Agency or his authorized designee is hereby authorized and directed to execute contracts with such consultants and advisors as necessary or proper for carrying out the issuance of the 2016 Bonds in accordance with the Indenture and this Resolution.

Section 10. This Resolution shall take effect immediately upon its adoption.

IN WITNESS WHEREOF, this Resolution is adopted and approved the \_\_\_\_\_ day of \_\_\_\_\_ 2015.

\_\_\_\_\_  
Chair of the Successor Agency to the  
Garden Grove Agency for Community Development

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary of the Successor Agency to the  
Garden Grove Agency for Community Development

**Successor Agency to the Garden Grove Agency for Community Development**

Garden Grove Community Project

Tax Allocation Refunding Bonds, Series 2016

**Sources & Uses**

Dated 01/01/2016 | Delivered 01/01/2016

**Sources Of Funds**

Par Amount of Bonds	\$40,935,000.00
Reoffering Premium	5,614,953.75

<b>Total Sources</b>	<b>\$46,549,953.75</b>
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**Uses Of Funds**

Total Underwriter's Discount (0.500%)	204,675.00
Costs of Issuance	250,000.00
Deposit to Debt Service Reserve Fund (DSRF)	4,093,500.00
Deposit to Project Construction Fund	42,000,000.00
Rounding Amount	1,778.75

<b>Total Uses</b>	<b>\$46,549,953.75</b>
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## Successor Agency to the Garden Grove Agency for Community Development

Garden Grove Community Project

Tax Allocation Refunding Bonds, Series 2016

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2016	-	-	1,535,062.50	1,535,062.50
10/01/2017	-	-	2,046,750.00	2,046,750.00
10/01/2018	-	-	2,046,750.00	2,046,750.00
10/01/2019	-	-	2,046,750.00	2,046,750.00
10/01/2020	2,090,000.00	5.000%	2,046,750.00	4,136,750.00
10/01/2021	2,195,000.00	5.000%	1,942,250.00	4,137,250.00
10/01/2022	2,300,000.00	5.000%	1,832,500.00	4,132,500.00
10/01/2023	2,420,000.00	5.000%	1,717,500.00	4,137,500.00
10/01/2024	2,540,000.00	5.000%	1,596,500.00	4,136,500.00
10/01/2025	2,665,000.00	5.000%	1,469,500.00	4,134,500.00
10/01/2026	2,800,000.00	5.000%	1,336,250.00	4,136,250.00
10/01/2027	2,940,000.00	5.000%	1,196,250.00	4,136,250.00
10/01/2028	3,085,000.00	5.000%	1,049,250.00	4,134,250.00
10/01/2029	3,240,000.00	5.000%	895,000.00	4,135,000.00
10/01/2030	3,400,000.00	5.000%	733,000.00	4,133,000.00
10/01/2031	3,570,000.00	5.000%	563,000.00	4,133,000.00
10/01/2032	3,750,000.00	5.000%	384,500.00	4,134,500.00
10/01/2033	3,940,000.00	5.000%	197,000.00	4,137,000.00
<b>Total</b>	<b>\$40,935,000.00</b>	<b>-</b>	<b>\$24,634,562.50</b>	<b>\$65,569,562.50</b>

### Yield Statistics

Bond Year Dollars	\$492,691.25
Average Life	12.036 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	3.9018927%
True Interest Cost (TIC)	3.6103052%
Bond Yield for Arbitrage Purposes	3.3097184%
All Inclusive Cost (AIC)	3.6697058%

### IRS Form 8038

Net Interest Cost	3.4162686%
Weighted Average Maturity	11.960 Years

## Successor Agency to the Garden Grove Agency for Community Development

### Garden Grove Community Project

### Tax Allocation Refunding Bonds, Series 2016

## Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
04/01/2016	-	-	511,687.50	511,687.50
10/01/2016	-	-	1,023,375.00	1,023,375.00
04/01/2017	-	-	1,023,375.00	1,023,375.00
10/01/2017	-	-	1,023,375.00	1,023,375.00
04/01/2018	-	-	1,023,375.00	1,023,375.00
10/01/2018	-	-	1,023,375.00	1,023,375.00
04/01/2019	-	-	1,023,375.00	1,023,375.00
10/01/2019	-	-	1,023,375.00	1,023,375.00
04/01/2020	-	-	1,023,375.00	1,023,375.00
10/01/2020	2,090,000.00	5.000%	1,023,375.00	3,113,375.00
04/01/2021	-	-	971,125.00	971,125.00
10/01/2021	2,195,000.00	5.000%	971,125.00	3,166,125.00
04/01/2022	-	-	916,250.00	916,250.00
10/01/2022	2,300,000.00	5.000%	916,250.00	3,216,250.00
04/01/2023	-	-	858,750.00	858,750.00
10/01/2023	2,420,000.00	5.000%	858,750.00	3,278,750.00
04/01/2024	-	-	798,250.00	798,250.00
10/01/2024	2,540,000.00	5.000%	798,250.00	3,338,250.00
04/01/2025	-	-	734,750.00	734,750.00
10/01/2025	2,665,000.00	5.000%	734,750.00	3,399,750.00
04/01/2026	-	-	668,125.00	668,125.00
10/01/2026	2,800,000.00	5.000%	668,125.00	3,468,125.00
04/01/2027	-	-	598,125.00	598,125.00
10/01/2027	2,940,000.00	5.000%	598,125.00	3,538,125.00
04/01/2028	-	-	524,625.00	524,625.00
10/01/2028	3,085,000.00	5.000%	524,625.00	3,609,625.00
04/01/2029	-	-	447,500.00	447,500.00
10/01/2029	3,240,000.00	5.000%	447,500.00	3,687,500.00
04/01/2030	-	-	366,500.00	366,500.00
10/01/2030	3,400,000.00	5.000%	366,500.00	3,766,500.00
04/01/2031	-	-	281,500.00	281,500.00
10/01/2031	3,570,000.00	5.000%	281,500.00	3,851,500.00
04/01/2032	-	-	192,250.00	192,250.00
10/01/2032	3,750,000.00	5.000%	192,250.00	3,942,250.00
04/01/2033	-	-	98,500.00	98,500.00
10/01/2033	3,940,000.00	5.000%	98,500.00	4,038,500.00
<b>Total</b>	<b>\$40,935,000.00</b>	<b>-</b>	<b>\$24,634,562.50</b>	<b>\$65,569,562.50</b>

## Successor Agency to the Garden Grove Agency for Community Development

Garden Grove Community Project

Tax Allocation Refunding Bonds, Series 2016

### Debt Service Schedule

Part 2 of 2

#### Yield Statistics

Bond Year Dollars	\$492,691.25
Average Life	12.036 Years
Average Coupon	5.00000000%
Net Interest Cost (NIC)	3.9018927%
True Interest Cost (TIC)	3.6103052%
Bond Yield for Arbitrage Purposes	3.3097184%
All Inclusive Cost (AIC)	3.6697058%

#### IRS Form 8038

Net Interest Cost	3.4162686%
Weighted Average Maturity	11.960 Years

## Successor Agency to the Garden Grove Agency for Community Development

Garden Grove Community Project

Tax Allocation Refunding Bonds, Series 2016

### Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
10/01/2020	Serial Coupon	5.000%	1.930%	2,090,000.00	113.867%	2,379,820.30
10/01/2021	Serial Coupon	5.000%	2.160%	2,195,000.00	115.275%	2,530,286.25
10/01/2022	Serial Coupon	5.000%	2.390%	2,300,000.00	116.177%	2,672,071.00
10/01/2023	Serial Coupon	5.000%	2.610%	2,420,000.00	116.667%	2,823,341.40
10/01/2024	Serial Coupon	5.000%	2.770%	2,540,000.00	117.218%	2,977,337.20
10/01/2025	Serial Coupon	5.000%	2.930%	2,665,000.00	117.440%	3,129,776.00
10/01/2026	Serial Coupon	5.000%	3.190%	2,800,000.00	116.357%	3,257,996.00
10/01/2027	Serial Coupon	5.000%	3.350%	2,940,000.00	114.787% c	3,374,737.80
10/01/2028	Serial Coupon	5.000%	3.450%	3,085,000.00	113.818% c	3,511,285.30
10/01/2029	Serial Coupon	5.000%	3.540%	3,240,000.00	112.954% c	3,659,709.60
10/01/2030	Serial Coupon	5.000%	3.630%	3,400,000.00	112.098% c	3,811,332.00
10/01/2031	Serial Coupon	5.000%	3.720%	3,570,000.00	111.250% c	3,971,625.00
10/01/2032	Serial Coupon	5.000%	3.820%	3,750,000.00	110.317% c	4,136,887.50
10/01/2033	Serial Coupon	5.000%	3.910%	3,940,000.00	109.486% c	4,313,748.40
Total	-	-	-	\$40,935,000.00	-	\$46,549,953.75

### Bid Information

Par Amount of Bonds	\$40,935,000.00
Reoffering Premium or (Discount)	5,614,953.75
Gross Production	\$46,549,953.75
Total Underwriter's Discount (0.500%)	\$(204,675.00)
Bid (113.217%)	46,345,278.75
Total Purchase Price	\$46,345,278.75
Bond Year Dollars	\$492,691.25
Average Life	12.036 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	3.9018927%
True Interest Cost (TIC)	3.6103052%

## Successor Agency to the Garden Grove Agency for Community Development

Garden Grove Community Project

Tax Allocation Refunding Bonds, Series 2016

### Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Net New D/S
10/01/2016	-	-	1,535,062.50	1,535,062.50	-	1,535,062.50
10/01/2017	-	-	2,046,750.00	2,046,750.00	-	2,046,750.00
10/01/2018	-	-	2,046,750.00	2,046,750.00	-	2,046,750.00
10/01/2019	-	-	2,046,750.00	2,046,750.00	-	2,046,750.00
10/01/2020	2,090,000.00	5.000%	2,046,750.00	4,136,750.00	-	4,136,750.00
10/01/2021	2,195,000.00	5.000%	1,942,250.00	4,137,250.00	-	4,137,250.00
10/01/2022	2,300,000.00	5.000%	1,832,500.00	4,132,500.00	-	4,132,500.00
10/01/2023	2,420,000.00	5.000%	1,717,500.00	4,137,500.00	-	4,137,500.00
10/01/2024	2,540,000.00	5.000%	1,596,500.00	4,136,500.00	-	4,136,500.00
10/01/2025	2,665,000.00	5.000%	1,469,500.00	4,134,500.00	-	4,134,500.00
10/01/2026	2,800,000.00	5.000%	1,336,250.00	4,136,250.00	-	4,136,250.00
10/01/2027	2,940,000.00	5.000%	1,196,250.00	4,136,250.00	-	4,136,250.00
10/01/2028	3,085,000.00	5.000%	1,049,250.00	4,134,250.00	-	4,134,250.00
10/01/2029	3,240,000.00	5.000%	895,000.00	4,135,000.00	-	4,135,000.00
10/01/2030	3,400,000.00	5.000%	733,000.00	4,133,000.00	-	4,133,000.00
10/01/2031	3,570,000.00	5.000%	563,000.00	4,133,000.00	-	4,133,000.00
10/01/2032	3,750,000.00	5.000%	384,500.00	4,134,500.00	-	4,134,500.00
10/01/2033	3,940,000.00	5.000%	197,000.00	4,137,000.00	(4,093,500.00)	43,500.00
<b>Total</b>	<b>\$40,935,000.00</b>	<b>-</b>	<b>\$24,634,562.50</b>	<b>\$65,569,562.50</b>	<b>(4,093,500.00)</b>	<b>\$61,476,062.50</b>

## Successor Agency to the Garden Grove Agency for Community Development

### Garden Grove Community Project

### Tax Allocation Refunding Bonds, Series 2016

## Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Net New D/S
04/01/2016	-	-	511,687.50	511,687.50	-	511,687.50
10/01/2016	-	-	1,023,375.00	1,023,375.00	-	1,023,375.00
04/01/2017	-	-	1,023,375.00	1,023,375.00	-	1,023,375.00
10/01/2017	-	-	1,023,375.00	1,023,375.00	-	1,023,375.00
04/01/2018	-	-	1,023,375.00	1,023,375.00	-	1,023,375.00
10/01/2018	-	-	1,023,375.00	1,023,375.00	-	1,023,375.00
04/01/2019	-	-	1,023,375.00	1,023,375.00	-	1,023,375.00
10/01/2019	-	-	1,023,375.00	1,023,375.00	-	1,023,375.00
04/01/2020	-	-	1,023,375.00	1,023,375.00	-	1,023,375.00
10/01/2020	2,090,000.00	5.000%	1,023,375.00	3,113,375.00	-	3,113,375.00
04/01/2021	-	-	971,125.00	971,125.00	-	971,125.00
10/01/2021	2,195,000.00	5.000%	971,125.00	3,166,125.00	-	3,166,125.00
04/01/2022	-	-	916,250.00	916,250.00	-	916,250.00
10/01/2022	2,300,000.00	5.000%	916,250.00	3,216,250.00	-	3,216,250.00
04/01/2023	-	-	858,750.00	858,750.00	-	858,750.00
10/01/2023	2,420,000.00	5.000%	858,750.00	3,278,750.00	-	3,278,750.00
04/01/2024	-	-	798,250.00	798,250.00	-	798,250.00
10/01/2024	2,540,000.00	5.000%	798,250.00	3,338,250.00	-	3,338,250.00
04/01/2025	-	-	734,750.00	734,750.00	-	734,750.00
10/01/2025	2,665,000.00	5.000%	734,750.00	3,399,750.00	-	3,399,750.00
04/01/2026	-	-	668,125.00	668,125.00	-	668,125.00
10/01/2026	2,800,000.00	5.000%	668,125.00	3,468,125.00	-	3,468,125.00
04/01/2027	-	-	598,125.00	598,125.00	-	598,125.00
10/01/2027	2,940,000.00	5.000%	598,125.00	3,538,125.00	-	3,538,125.00
04/01/2028	-	-	524,625.00	524,625.00	-	524,625.00
10/01/2028	3,085,000.00	5.000%	524,625.00	3,609,625.00	-	3,609,625.00
04/01/2029	-	-	447,500.00	447,500.00	-	447,500.00
10/01/2029	3,240,000.00	5.000%	447,500.00	3,687,500.00	-	3,687,500.00
04/01/2030	-	-	366,500.00	366,500.00	-	366,500.00
10/01/2030	3,400,000.00	5.000%	366,500.00	3,766,500.00	-	3,766,500.00
04/01/2031	-	-	281,500.00	281,500.00	-	281,500.00
10/01/2031	3,570,000.00	5.000%	281,500.00	3,851,500.00	-	3,851,500.00
04/01/2032	-	-	192,250.00	192,250.00	-	192,250.00
10/01/2032	3,750,000.00	5.000%	192,250.00	3,942,250.00	-	3,942,250.00
04/01/2033	-	-	98,500.00	98,500.00	-	98,500.00
10/01/2033	3,940,000.00	5.000%	98,500.00	4,038,500.00	(4,093,500.00)	(55,000.00)
<b>Total</b>	<b>\$40,935,000.00</b>	<b>-</b>	<b>\$24,634,562.50</b>	<b>\$65,569,562.50</b>	<b>(4,093,500.00)</b>	<b>\$61,476,062.50</b>



## **CONSULTANT SERVICES AGREEMENT**

**THIS AGREEMENT** is made this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by the **CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, ("SUCCESSOR AGENCY") and **URBAN FUTURES INCORPORATED**, referred to as "CONSULTANT".

### **RECITALS**

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Garden Grove Council Resolution No. 9212-14 (January 28, 2014).
2. SUCCESSOR AGENCY desires to utilize the services of CONSULTANT to provide the agreed upon services as described below.
3. CONSULTANT is qualified by virtue of experience, training, education and expertise to accomplish services.

### **AGREEMENT**

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term and Termination.** The term of the agreement shall be for a period of one year from full execution of the agreement or until completion of the project or which ever occurs first. This agreement may be terminated by the SUCCESSOR AGENCY without cause. In such event, the SUCCESSOR AGENCY will compensate CONTRACTOR for work performed to date in accordance with fee schedule (Attachment "A"). Contractor is required to present evidence to support performed work.
2. **Services to be Provided.** CONSULTANT shall provide the following services: Financial Advisor Services. The Proposal is attached as Attachment A, and is incorporated herein by reference. The Proposal and this Agreement do not guarantee any specific amount of work.
3. **Compensation.** CONSULTANT shall be compensated as follows:
  - 3.1 **AMOUNT and PAYMENT:** Total Compensation under this agreement shall be payable in accordance with proposal in Attachment "A" out of the Bonds' costs of issuance proceeds and pursuant to the fee schedule outlined in Attachment "B."

- 3.3 Records of Expenses. CONSULTANT shall keep complete and accurate records of payroll costs, travel and incidental expenses. These records will be made available at reasonable times to SUCCESSOR AGENCY.
- 3.4 Termination. SUCCESSOR AGENCY shall have the right to terminate this Agreement, without cause, by giving thirty (30) days written notice of termination. If the Agreement is terminated by SUCCESSOR AGENCY, then the provisions of paragraph 3 would apply to that portion of the work completed.

4. Insurance requirements.

- 4.1 COMMENCEMENT OF WORK. CONSULTANT shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the SUCCESSOR AGENCY. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the SUCCESSOR AGENCY of any material change, cancellation, or termination at least thirty (30) days in advance and provide a Waiver of Subrogation in favor of the SUCCESSOR AGENCY.
- 4.2 WORKERS' COMPENSATION INSURANCE. For the duration of this Agreement, CONTRACTOR and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law provide Employers Liability in an amount not less than \$1,000,000. The insurer shall waive its rights of subrogation against the SUCCESSOR AGENCY, City of Garden Grove, and their respective officers, officials, agents, employees, and volunteers.
- 4.2 INSURANCE AMOUNTS. CONSULTANT shall maintain the following insurance for the duration of this Agreement. If CONSULTANT maintains higher insurance limits than the minimums shown above, CONSULTANT shall provide coverage for the higher insurance limits otherwise maintained by the CONSULTANT.
- (a) Commercial general liability *in an amount not less than \$1,000,000.00 per occurrence* (**claims made and modified occurrence policies are not acceptable**); Insurance companies must be acceptable to AGENCY and have a Best's Guide Rating of A-, Class VII or better, as approved by the AGENCY.
- (b) Automobile liability, for all autos, *in an amount not less than \$1,000,000.00 combined single limit* (**claims made and modified occurrence policies are not acceptable**); Insurance companies must

be acceptable to AGENCY and have a Best's Guide Rating of A-, Class VII or better, as approved by the AGENCY.

- (c) Professional liability *in the amount not less than* \$1,000,000 per occurrence; Insurance companies must be acceptable to AGENCY and have a Best's Guide Rating of A-, Class VII or better, as approved by the AGENCY. If the policy is written on a "claims made" basis, the policy shall be continued in full force and effect at all times during the term of the agreement, and for a period of three (3) years from the date of the completion of services provided. In the event of termination, cancellation, or material change in the policy, professional/consultant shall obtain continuing insurance coverage for the prior acts or omissions of professional/consultant during the course of performing services under the term of the agreement. The coverage shall be evidenced either by a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier

An **On-Going and Completed Operations Additional Insured Endorsement** for the policy under section 4.3 (a) shall designate SUCCESSOR AGENCY, City of Garden Grove, and their respective officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the CONSULTANT. CONSULTANT shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

An Additional Insured Endorsement for the policy under section 4.3 (b) shall designate SUCCESSOR AGENCY, City of Garden Grove, and their respective officers, officials, employees, agents, and volunteers as additional insureds for automobiles, owned, leased, hired, or borrowed by the CONSULTANT. CONSULTANT shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

For any claims related to this Agreement, CONSULTANT's insurance coverage shall be primary insurance as respects SUCCESSOR AGENCY, City of Garden Grove, and their respective officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by

the SUCCESSOR AGENCY, City of Garden Grove, and/or their respective officers, officials, employees, agents, and volunteers shall be excess of the CONSULTANT's insurance and shall not contribute with it.

*If CONSULTANT maintains higher insurance limits than the minimums shown above, CONSULTANT shall provide coverage for the higher insurance limits otherwise maintained by the CONSULTANT.*

5. **Non-Liability of Officials and Employees of the CITY or SUCCESSOR AGENCY.** No official or employee of SUCCESSOR AGENCY shall be personally liable to CONSULTANT in the event of any default or breach by SUCCESSOR AGENCY, or for any amount, which may become due to CONSULTANT.
6. **Non-Discrimination.** CONSULTANT covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin, or ancestry, in any activity pursuant to this Agreement.
7. **Independent Contractor.** It is agreed to that CONSULTANT shall act and be an independent contractor and not an agent or employee of the SUCCESSOR AGENCY, and shall obtain no rights to any benefits which accrue to SUCCESSOR AGENCY'S employees.
8. **Compliance with Law.** CONTRACTOR shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government. CONTRACTOR shall comply with, and shall be responsible for causing all contractors and subcontractors performing any of the work pursuant to this Agreement to comply with, all applicable federal and state labor standards, including, to the extent applicable, the prevailing wage requirements promulgated by the Director of Industrial Relations of the State of California Department of Labor. The SUCCESSOR AGENCY makes no warranty or representation concerning whether any of the work performed pursuant to this Agreement constitutes public works subject to the prevailing wage requirements
9. **Disclosure of Documents.** All documents or other information developed or received by CONSULTANT are confidential and shall not be disclosed without authorization by the SUCCESSOR AGENCY.
10. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT shall be the property of the SUCCESSOR AGENCY. CONSULTANT shall provide SUCCESSOR AGENCY with copies of these items upon demand or upon termination of this Agreement.
11. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

12. **Notices.** All notices shall be personally delivered or mailed to the below listed address, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.

- a. (CONSULTANT)  
Urban Futures Incorporated  
Attention: Bill Reynolds  
3111 North Tustin, Suite 230  
Orange, CA 92865
- b. (Address of City Purchasing) (with a copy to):  
City of Garden Grove                      Garden Grove City Attorney  
11222 Acacia Parkway                      11222 Acacia Parkway  
Garden Grove, CA 92840                      Garden Grove, CA 92840

13. **CONSULTANT'S PROPOSAL.** This Agreement shall include CONSULTANT'S proposal or bid which shall be incorporated herein by reference. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

14. **Licenses, Permits, and Fees.** At its sole expense, CONSULTANT shall obtain a **Garden Grove Business License**, all permits, and licenses as may be required by this Agreement.

15. **Familiarity with Work.** By executing this Agreement, CONSULTANT warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties, and restrictions of the work under this Agreement. Should Consultant discover any latent or unknown conditions materially differing from those inherent in the work or as represented by SUCCESSOR AGENCY, it shall immediately inform SUCCESSOR AGENCY of this and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from AGENCY.

16. **Time of Essence.** Time is of the essence in the performance of this Agreement.

17. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability, and reputation of CONSULTANT, its principals and employees were a substantial inducement for SUCCESSOR AGENCY to enter into this Agreement. CONSULTANT shall not contract with any other entity to perform the services required without written approval of the SUCCESSOR AGENCY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of SUCCESSOR AGENCY. If CONSULTANT is permitted to subcontract any part of this Agreement,

CONSULTANT shall be responsible to SUCCESSOR AGENCY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and SUCCESSOR AGENCY. All persons engaged in the work will be considered employees of CONSULTANT. SUCCESSOR AGENCY will deal directly with and will make all payments to CONSULTANT.

18. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound, subject to California Department of Finance approval.
19. **Indemnification.** To the fullest extent permitted by law, CONTRACTOR defend, and hold harmless SUCCESSOR AGENCY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damages of any nature, including interference with use of property, arising out of, or in any way connected with the negligence, recklessness and/or intentional wrongful conduct of CONTRACTOR, CONTRACTOR'S agents, officers, employees, subcontractors, or independent contractors hired by CONTRACTOR in the performance of the Agreement. The only exception to CONTRACTOR'S responsibility to protect, defend, and hold harmless SUCCESSOR AGENCY, is due to the negligence, recklessness and/or wrongful conduct of SUCCESSOR AGENCY, or any of its elective or appointive boards, officers, agents, or employees.

This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by the CONSULTANT.

20. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified only by subsequent mutual agreements executed by the SUCCESSOR AGENCY and CONSULTANT.
21. **Waiver.** All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the SUCCESSOR AGENCY and CONSULTANT.
22. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the central branch of the Orange County Superior Court.

\\ \\ \\

(Agreement Signature Block On Next Page)



**IN WITNESS THEREOF**, these parties have executed this Agreement on the day and year shown below.

Date: 8/12/15

**"SUCCESSOR AGENCY"  
THE CITY OF GARDEN GROVE AS  
SUCCESSOR AGENCY  
TO THE GARDEN GROVE  
AGENCY FOR COMMUNITY  
DEVELOPMENT**

By: [Signature]  
Agency Director

**ATTESTED:**

Kathleen Bailor  
Agency Secretary

Date: 8/13/2015

**"CONSULTANT"  
URBAN FUTURES  
INCORPORATED**

By: [Signature]

Name: MICHAEL BUSCH

Title: CEO

Date: 8/13/15

Tax ID No. 95-2811192

If CONSULTANT is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to SUCCESSOR AGENCY.

**APPROVED AS TO FORM:**

[Signature]  
Garden Grove City Attorney

8-11-15  
Date

Attachment A

Financial Advisor Services Proposal

Urban Futures Inc.

**Successor Agency of the  
City of Garden Grove  
Agency for Community Development**

**PROPOSAL TO PROVIDE  
FINANCIAL ADVISORY SERVICES**

**URBAN FUTURES | Incorporated**

On behalf of Urban Futures Incorporated (UFI) I am pleased to present to the Successor Agency for the City of Garden Grove Agency for Community Development (the Agency) our proposal to serve as the financial advisor (FA) on the Agency's 2015 Tax Allocation Revenue Refunding Bonds (the Refunding Bonds).

UFI represents that the firm and its financial advisory consultants who will be assigned to this project possess the training, skill, experience, ability, background and knowledge to provide all of the services listed in **SECTION 1** below.

UFI is one of the largest and most established public finance and management firms in California. The firm has consistently ranked as one of the top financial advisory firms in the State. Over the last five years, UFI provided financial advisory services for 332 California transactions, totaling approximately \$3.5 billion par amount. It should also be noted that UFI served as the FA on California's first Successor Agency Tax Allocation Bond (TAB) issue, which closed on December 19, 2012. Since then UFI has served as the FA on 21 Successor Agency financings, representing over 23% of the Successor Agency TABs that have closed to date.

William Reynolds will serve as UFI's engagement manager for this assignment. He has provided financial advisory services to the City of Garden Grove and its agencies for over a decade, including serving as FA on the Agency's 2014 Successor Agency Tax Allocation Revenue Refunding Bonds. His résumé is provided in **SECTION 2** below.

**SECTION 1: SCOPE OF SERVICES**

As the Agency's FA, UFI will be expected to provide financial advisory services related to the planning and execution of debt issuance for the Agency's 2015 Tax

Allocation Revenue Refunding Bonds. In completing this assignment, it is anticipated that UFI will perform most of the tasks listed below:

1. Evaluate the Agency's existing TAB debt portfolio and make recommendations for refunding and restructuring the Agency's outstanding indebtedness.
2. Outline the advantages and disadvantages of various financing mechanisms.
3. Prepare a Plan of Finance that is consistent with the objectives of the Agency while hopefully providing the lowest cost of borrowing. The Plan will include a summary of the proposed refunding issue and a debt analysis that includes the proposed debt schedule, estimated annual savings and the estimated net present value savings. It should also include other features such as call provisions, reserve or surety requirements, escrow requirements, bond insurance recommendations and estimated debt service schedules. The debt analysis will constantly be updated as market conditions change during the bond issuance process.
4. Continually update the Agency on market conditions related to the California bond market including changes in interest rates, comparable bond sales and the changing investor demand for California revenue bonds.
5. Keep the Agency staff informed about new products and/or current issues of interest or concern in the municipal bond market.
6. Assist the Agency in the selection of other required service providers, including but not limited to the verification agent, continuing disclosure agent and printer. Assist the Agency in determining the scope of work of such providers.
7. Attend meetings as necessary. Prepare or assist in the preparation of reports or memos outlining recommendations to the City Council, the Agency Oversight Board and/or other groups or agencies as requested.
8. Prepare and update a timetable for debt issuance. Coordinate the work of members of the financing team to ensure that the schedule is being met and that the debt issuance will be completed in a timely manner.
9. Coordinate the efforts of bond counsel, disclosure counsel, other consultants and the Agency with respect to the preparation and review of the financing documents and approval thereof by the City Council and the Agency Oversight Board.
10. Assist disclosure counsel in the preparation of the official statement and continuing disclosure agreement for the financing in a manner consistent

with existing laws, regulations, and standards of the securities industry. Review and comment on drafts of all legal documents.

11. Assist Agency staff, as necessary, in negotiations with Agency stakeholders.
12. Assume the lead in preparing presentations to the Agency Oversight Board, the State Department of Finance, the credit rating agencies, the credit enhancement providers, and potential investors, as requested.
13. Coordinate the work of the Agency staff and bond counsel to ensure that the financing closes in a prompt manner. Coordinate the delivery, printing and final approval of legal documents, bonds, the final official statement, and the preparation of closing certificates.
14. Prepare and continually update the estimated list of the costs of issuance.
15. Prior to the pre-pricing call, provide the Agency with a list of comparable California revenue bond issues that have recently priced. Pricing comparables should include issues that most closely match up to the terms of the Agency's proposed Refunding Bonds.
16. Represent the Agency's best interests on the pre-pricing call with the underwriter.
17. Assist in planning for the investment of bond proceeds.
18. Assist the Agency in meeting its continuing disclosure requirements and preparing other reports required under the bond documents.
19. Prepare a post-sale summary document including results of the sale, a comparison of the sales results to the market at time of sale, final debt service schedules, a discussion of the final bond structure, and the sale results.

## **SECTION 2: QUALIFICATIONS OF THE ENGAGEMENT MANAGER**

William Reynolds will serve as the City's primary Engagement Manager for this financial advisory assignment. Depending upon the complexity of the assignment, Mr. Reynolds may be joined by Michael Busch, the CEO of UFI, who would then serve as the co-Engagement Manager. The Engagement Manager(s) will be responsible for the overall performance of the Team including the timeliness and quality of work products, overseeing the research and development process from start to finish and directing the production of all necessary presentations and reports. Mark Kleinsmith will assist the Engagement Managers with quantitative analyses and will assist in the orderly completion of all bond financing assignments including risk assessment modeling and facilitation of the rating agency process. In addition, our Team will always include a closing manager and a disclosure specialist.

**William W. Reynolds – Principal, Los Angeles, CA**  
**ENGAGEMENT MANAGER**

---

Mr. Reynolds is an accomplished professional with over 40 years of municipal financing experience. He is based in UFI's Los Angeles office, delivering financial advisory services to cities involving all aspects of project financing and debt management. Mr. Reynolds also assists clients interested in utilizing UFI's specialized services, including long-term financial planning.

Prior to joining UFI, Mr. Reynolds was a founding partner of the Sequoia Financial Group LLC, a California independent financial advisory firm. Prior to forming the Sequoia Financial Group, Mr. Reynolds was also a founding partner of Gardner, Underwood & Bacon LLC (GUB). GUB was formed through a merger of the management firm of Gardner, Underwood & Bacon and the west coast financial advisory offices of Evensen Dodge Inc. (Evensen). Mr. Reynolds had served as Evensen's West Coast regional Manager and had also worked with Henry Gardner in the past, so he facilitated the merger. Over the past decade, Mr. Reynolds served as the City of Garden Grove's financial advisor on a number of occasions.

Mr. Reynolds' professional career in public finance included over 15 years as an investment banker. During much of that period, he served as the Manager of Donaldson, Lufkin and Jenrette's Western Regional Public Finance offices in Los Angeles and San Francisco.

In addition to his private sector finance credentials, Mr. Reynolds has over 12 years of professional experience in California city government, having served as the Deputy City Manager of the City of Oakland, and in the planning and redevelopment departments of the Oakland Redevelopment Agency and the Napa Redevelopment Agency.

He received his Bachelors degree from California State Polytechnic University, San Luis Obispo in City & Regional Planning and received a Masters in Public Administration (with honors) from San Francisco State University. As an investment banker, Mr. Reynolds held Series 7, 52 and 63 securities licenses.

Mr. Reynolds served on the Executive Board of Directors for the California Association for Local Economic Development and served on CALED's Governmental Relations Committee. Mr. Reynolds also served on the State of California Trade and Commerce Agency advisory task force and is a longstanding member of the California Society of Municipal Finance Officers.

Attachment B

FINANCIAL ADVISORY SERVICES FEE SCHEDULE

Urban Futures Incorporated

Financial Advisory (FA) fees for the Successor Agency Revenue Refunding Bonds Waterpark Project are contingent upon the closing of the transaction. It is understood that the FA fee will be paid out of the Bonds' costs of issuance proceeds:

<u>Stand-Alone Issue Size</u>	<u>Competitive Sale</u>	<u>Negotiated Sale</u>
Under \$25,000,000	\$ 40,000	\$ 35,000
\$25,000,001 to \$50,000,000	\$ 55,000	\$ 50,000
\$50,000,001 to \$75,000,000	\$ 70,000	\$ 65,000
\$75,000,001 to \$100,000,000	\$ 90,000	\$ 85,000

Direct Expenses that may on occasion be granted reimbursable status include but are not limited to, airfare at coach rates, lodging and meals at reimbursement rates not to exceed those in Internal Revenue Service Publication 1542 for the San Francisco area, overnight courier, conference calls and transaction related expenses. If such direct expenses are incurred in the provision of the aforementioned services, they may be reimbursable with prior approval of the Successor Agency, and may be billed in addition to the above transaction fees. Said expenses for the above referenced transaction shall not exceed \$5,000.





Policy Number:

Date Entered: 8/6/2015

## CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

8/6/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	Michael Geffre Insurance Agency 496 N Coast Hwy, Suite A Laguna Beach, CA 92651	CONTACT NAME: PHONE (A/C, No, Ext): (949) 494-7261 FAX (A/C, No): (949) 494-4481 E-MAIL: dana@mgfarmers.com ADDRESS:
INSURED	URBAN FUTURES, INC. Valerie Elliott and DBA ISOM ADVISORS 714-923-3551 3111 N TUSTIN 714-283-9334 x 3551 SUITE 230 ORANGE, CA 92865 Valeriee@urbanfutures.com	INSURER(S) AFFORDING COVERAGE INSURER A: TOPA INSURANCE A-VII 18031 INSURER B: FARMERS INSURANCE GROUP A, XV 21628 INSURER C: MID-CENTURY INSURANCE COMPANY A, XV 21687 INSURER D: (Farmers Insurance Company) INSURER E: INSURER F: .com

## COVERAGES

## CERTIFICATE NUMBER:

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SMP 660079-00 Reviewed and approved as to insurance language and/or requirements. Heidi M. Jay Risk Management	12/08/2014	12/08/2015	EACH OCCURRENCE \$3,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$NOT COVERED GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$NOT COVERED \$ COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
C	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	605900024 8-10-15	03/11/2015	03/11/2016	EACH OCCURRENCE \$ AGGREGATE \$ \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTION \$						PER STATUTE OTH-ER
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/>	N/A	N0915 67 09	02/08/2015	02/08/2016	E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
CITY OF GARDEN GROVE, IT'S OFFICERS, OFFICIALS, EMPLOYEES, AGENTS, AND VOLUNTEERS AS ADDITIONAL INSURED FOR LIABILITY ARISING OUT OF WORK OR OPERATIONS PERFORMED BY OR ON BEHALF OF THE CONTRACTOR.

## CERTIFICATE HOLDER

## CANCELLATION

CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPEMENT AND THE CITY OF GARDEN GROVE 11222 ACACIA PKWY GARDEN GROVE, CA 92840	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE MICHAEL GEFFRE
--	---

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CG 24 04-B 10 93

**BLANKET WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST  
OTHERS TO US**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement effective  
12/8/14

Policy No.  
SMP-6600079 ✓

Named Insured  
URBAN FUTURES, INC. & ISOM ADVISORS

Countersigned by

  
(Authorized Representative)

**NAME OF PERSON OR ORGANIZATION**

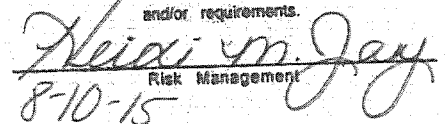
Any person or organization whom you are required to add as an additional insured with your vendor status on this policy under a written contract which is currently in effect or becoming effective during the term of the policy and executed prior to the "bodily injury" or "property damage".

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Condition (Section IV-COMMERCIAL GENERAL LIABILITY CONDITIONS) is amended by the addition of the following:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

Reviewed and approved as to insurance language  
and/or requirements.

  
8-10-15  
Risk Management

ADDITIONAL INSURED ENDORSEMENT - BLANKET

IF THE NAMED INSURED IS REQUIRED TO ADD ANOTHER PERSON OR ORGANIZATION AS AN ADDITIONAL INSURED ON THIS POLICY UNDER A WRITTEN CONTRACT OR AGREEMENT CURRENTLY IN EFFECT OR BECOMING EFFECTIVE DURING THE TERM OF THIS POLICY AND A CERTIFICATE OF INSURANCE LISTING THAT PERSON OR ORGANIZATION AS AN ADDITIONAL INSURED HAS BEEN ISSUED AND RECEIVED BY THIS COMPANY PRIOR TO OR WITHIN 30 DAYS OF THE EFFECTIVE DATE OF SUCH CERTIFICATE, THEN WHO IS AN INSURED IS AMENDED TO INCLUDE AS AN INSURED THAT PERSON OR ORGANIZATION (CALLED "ADDITIONAL INSURED").

THE INSURANCE FOR THAT ADDITIONAL INSURED IS LIMITED AS FOLLOWS:

1. THAT PERSON OR ORGANIZATION IS ONLY AN ADDITIONAL INSURED FOR ITS LIABILITY ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED;
2. THE LIMITS OF LIABILITY FOR THE ADDITIONAL INSURED ARE THOSE SPECIFIED IN THE WRITTEN CONTRACT OR AGREEMENT, OR IN THIS POLICY, WHICHEVER IS LESS. THESE LIMITS ARE INCLUSIVE OF AND ARE NOT IN ADDITION TO THE LIMITS OF INSURANCE SHOWN ON THE DECLARATIONS; AND
3. ALL OTHER POLICY TERMS, CONDITIONS AND RESTRICTIONS ALSO APPLY INCLUDING, BUT NOT LIMITED TO THE "OTHER INSURANCE" PROVISIONS.

THIS ENDORSEMENT AND ANY COVERAGES PROVIDED HEREIN APPLY ONLY TO THE POLICY TO WHICH IT IS ATTACHED AND IS NOT EXTENDED TO ANY OTHER POLICY ISSUED TO THE INSURED.

Reviewed and approved as to insurance language  
and/or requirements.

*Heidi M. Jay*  
Risk Management  
8-10-15

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

ATTACHED TO AND FORMING PART OF: SMP - 6600078 ✓

ISSUED TO: URBAN FUTURES, INC. & ISOM ADVISORS

TOPA INSURANCE COMPANY

BY

*[Signature]*

EFFECTIVE: 12/9/14

TGAPAI05 05/95

POLICY NUMBER: 605900024 ✓

COMMERCIAL AUTO  
CA 20 48 02 99

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## DESIGNATED INSURED

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM  
GARAGE COVERAGE FORM  
MOTOR CARRIER COVERAGE FORM  
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

This endorsement identifies person(s) or organization(s) who are "insureds" under the Who Is An Insured Provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage Form.

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement Effective: 08/07/2015	Countersigned By:  <i>Michael Jeffre</i> (Authorized Representative)
Named Insured: URBAN FUTURES, INC.	

### SCHEDULE

Name of Person(s) or Organization(s):	CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, THE CITY OF GARDEN GROVE, AND THEIR RESPECTIVE OFFICERS, OFFICIALS, AGENTS, EMPLOYEES, AND VOLUNTEERS.
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(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to the endorsement.)

Each person or organization shown in the Schedule is an "insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured Provision contained in Section II of the Coverage Form.

Reviewed and approved as to insurance language  
and/or requirements.

*William Jay*  
Risk Management  
8-10-15



WC 99 06 19

**WORKERS' COMPENSATION AND EMPLOYERS'  
LIABILITY INSURANCE POLICY**

Named • URBAN FUTURES, INC.  
Insured • 3111 N TUSTIN ST STE 230  
• ORANGE CA 928651753

Agent

97-55-33J

N0915-67-09 ✓

2015

Effective

Date 03/11/15

Policy Number  
of the CompanyPolicy  
Year**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - BLANKET**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization for which you perform work under a written contract that requires you to obtain this agreement from us.

The additional premium for this endorsement shall be 3.0 % of the Workers' Compensation premium otherwise due for the state(s) listed below on such remuneration, subject to a minimum charge of \$250.

All written contracts in the state(s) of:

CA

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

Countersigned

Authorized Representative

99-6369 1ST EDITION 9-07  
WC990619BReviewed and approved as to insurance language  
and/or requirements.  
Risk Management  
8-10-15

J6369121 PAGE 1 OF 1



## CERTIFICATE OF LIABILITY INSURANCE

URBAFUT-01 JPARIBELLO

DATE (MM/DD/YYYY)

8/6/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

## PRODUCER

Brown & Brown of New York Inc.  
800 Westchester Avenue, N-311  
Rye Brook, NY 10573

## CONTACT

## NAME:

PHONE (A/C, No, Ext): (914) 337-1833

FAX (A/C, No): (914) 337-1596

## E-MAIL

ADDRESS: info@bbinsny.com

## INSURER(S) AFFORDING COVERAGE

## NAIC #

INSURER A: Executive Risk Indemnity Inc (Chubb) 35181

INSURER B:

INSURER C:

INSURER D:

INSURER E:

INSURER F:

## INSURED

Valerie Elliott 714-923-3551  
Urban Futures, Inc.  
3111 North Tustin 714-283-9334 x3551  
SUITE 230  
Orange, CA 92865

valeriee@urbanfutures.com

## COVERAGES

## CERTIFICATE NUMBER:

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY						
	<input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR						EACH OCCURRENCE \$
							DAMAGE TO RENTED PREMISES (Ea occurrence) \$
							MED EXP (Any one person) \$
							PERSONAL & ADV INJURY \$
							GENERAL AGGREGATE \$
							PRODUCTS - COMP/OP AGG \$
	GEN'L AGGREGATE LIMIT APPLIES PER:						\$
	<input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						COMBINED SINGLE LIMIT (Ea accident) \$
	OTHER:						BODILY INJURY (Per person) \$
	AUTOMOBILE LIABILITY						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> ANY AUTO						PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS					\$
	<input type="checkbox"/> HIRED AUTOS	<input type="checkbox"/> NON-OWNED AUTOS					\$
	UMBRELLA LIAB	<input type="checkbox"/> OCCUR					EACH OCCURRENCE \$
	EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE					AGGREGATE \$
	DED	RETENTION \$					\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						PER STATUTE OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y <input type="checkbox"/> N	N/A				E.L. EACH ACCIDENT \$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$
A	Errors & Omissions			6801-9352	12/23/2014	12/23/2015	E.L. DISEASE - POLICY LIMIT \$
							Limit of Liability 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
Proof of coverage.

Reviewed and approved as to insurance language and/or requirements.

8-10-15

## CERTIFICATE HOLDER

## CANCELLATION

City of Garden Grove as Successor Agency  
to the Garden Grove Agency for Community  
Development and the City of Garden Grove  
11222 Acacia Parkway  
Garden Grove, CA 92840

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

## AUTHORIZED REPRESENTATIVE

M. F. Rollins III

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## CONSULTANT SERVICES AGREEMENT

THIS AGREEMENT is made this 4<sup>th</sup> day of August, 2015, by the **CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, ("SUCCESSOR AGENCY") and **HDL COREN & CONE**, referred to as "CONSULTANT".

### RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Garden Grove Council Resolution No. 9212-14 (January 28, 2014).
2. SUCCESSOR AGENCY desires to utilize the services of CONSULTANT to provide the agreed upon services as described below.
3. CONSULTANT is qualified by virtue of experience, training, education and expertise to accomplish services.

### AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term and Termination.** The term of the agreement shall be for a period of one year from full execution of the agreement or until completion of the project or which ever occurs first. This agreement may be terminated by the SUCCESSOR AGENCY without cause. In such event, the SUCCESSOR AGENCY will compensate CONTRACTOR for work performed to date in accordance with fee schedule (Attachment "A"). Contractor is required to present evidence to support performed work.
2. **Services to be Provided.** CONSULTANT shall provide the following services: Fiscal Consultant Services. The Proposal is attached as Attachment A, and is incorporated herein by reference. The Proposal and this Agreement do not guarantee any specific amount of work.
3. **Compensation.** CONSULTANT shall be compensated as follows:
  - 3.1 AMOUNT: Total Compensation under this agreement shall not exceed (NTE) amount of Twenty-one Thousand Five Hundred dollars (\$21,500) payable in arrears and in accordance with proposal in Attachment "A".

- 3.2 Payment. For work under this Agreement, payment shall be made per invoice submitted by CONSULTANT. Payments terms shall be Net30 in accordance with proposal in Attachment "A".
- 3.3 Records of Expenses. CONSULTANT shall keep complete and accurate records of payroll costs, travel and incidental expenses. These records will be made available at reasonable times to SUCCESSOR AGENCY.
- 3.4 Termination. SUCCESSOR AGENCY shall have the right to terminate this Agreement, without cause, by giving thirty (30) days written notice of termination. If the Agreement is terminated by SUCCESSOR AGENCY, then the provisions of paragraph 3 would apply to that portion of the work completed.

#### 4. Insurance requirements.

- 4.1 COMMENCEMENT OF WORK. CONSULTANT shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the SUCCESSOR AGENCY. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the SUCCESSOR AGENCY of any material change, cancellation, or termination at least thirty (30) days in advance and provide a Waiver of Subrogation in favor of the SUCCESSOR AGENCY.
- 4.2 WORKERS' COMPENSATION INSURANCE. For the duration of this Agreement, CONTRACTOR and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law provide Employers Liability in an amount not less than \$1,000,000. The insurer shall waive its rights of subrogation against the SUCCESSOR AGENCY, City of Garden Grove, and their respective officers, officials, agents, employees, and volunteers.
- 4.2 INSURANCE AMOUNTS. CONSULTANT shall maintain the following insurance for the duration of this Agreement. If CONSULTANT maintains higher insurance limits than the minimums shown above, CONSULTANT shall provide coverage for the higher insurance limits otherwise maintained by the CONSULTANT.
- (a) Commercial general liability *in an amount not less than \$1,000,000.00 per occurrence* (**claims made and modified occurrence policies are not acceptable**); Insurance companies must be acceptable to AGENCY and have a Best's Guide Rating of A-, Class VII or better, as approved by the AGENCY.



- (b) Automobile liability, for all autos, *in an amount not less than \$1,000,000.00 combined single limit (claims made and modified occurrence policies are not acceptable)*; Insurance companies must be acceptable to AGENCY and have a Best's Guide Rating of A-, Class VII or better, as approved by the AGENCY.
- (c) Professional liability *in the amount not less than \$1,000,000 per occurrence*; Insurance companies must be acceptable to AGENCY and have a Best's Guide Rating of A-, Class VII or better, as approved by the AGENCY. If the policy is written on a "claims made" basis, the policy shall be continued in full force and effect at all times during the term of the agreement, and for a period of three (3) years from the date of the completion of services provided. In the event of termination, cancellation, or material change in the policy, professional/consultant shall obtain continuing insurance coverage for the prior acts or omissions of professional/consultant during the course of performing services under the term of the agreement. The coverage shall be evidenced either by a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier

An **On-Going and Completed Operations Additional Insured Endorsement** for the policy under section 4.3 (a) shall designate SUCCESSOR AGENCY, City of Garden Grove, and their respective officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the CONSULTANT. CONSULTANT shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

An Additional Insured Endorsement for the policy under section 4.3 (b) shall designate SUCCESSOR AGENCY, City of Garden Grove, and their respective officers, officials, employees, agents, and volunteers as additional insureds for automobiles, owned, leased, hired, or borrowed by the CONSULTANT. CONSULTANT shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

For any claims related to this Agreement, CONSULTANT's insurance coverage shall be primary insurance as respects SUCCESSOR AGENCY, City of Garden Grove, and their respective officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the SUCCESSOR AGENCY, City of Garden Grove, and/or their respective officers, officials, employees, agents, and volunteers shall be excess of the CONSULTANT's insurance and shall not contribute with it.

*If CONSULTANT maintains higher insurance limits than the minimums shown above, CONSULTANT shall provide coverage for the higher insurance limits otherwise maintained by the CONSULTANT.*

5. **Non-Liability of Officials and Employees of the SUCCESSOR AGENCY.** No official or employee of SUCCESSOR AGENCY shall be personally liable to CONSULTANT in the event of any default or breach by SUCCESSOR AGENCY, or for any amount which may become due to CONSULTANT.
6. **Non-Discrimination.** CONSULTANT covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin, or ancestry, in any activity pursuant to this Agreement.
7. **Independent Contractor.** It is agreed to that CONSULTANT shall act and be an independent contractor and not an agent or employee of the SUCCESSOR AGENCY, and shall obtain no rights to any benefits which accrue to SUCCESSOR AGENCY'S employees.
8. **Compliance with Law.** CONTRACTOR shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government. CONTRACTOR shall comply with, and shall be responsible for causing all contractors and subcontractors performing any of the work pursuant to this Agreement to comply with, all applicable federal and state labor standards, including, to the extent applicable, the prevailing wage requirements promulgated by the Director of Industrial Relations of the State of California Department of Labor. The SUCCESSOR AGENCY makes no warranty or representation concerning whether any of the work performed pursuant to this Agreement constitutes public works subject to the prevailing wage requirements.
9. **Disclosure of Documents.** All documents or other information developed or received by CONSULTANT are confidential and shall not be disclosed without authorization by the SUCCESSOR AGENCY.
10. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT shall be the property of the SUCCESSOR AGENCY. CONSULTANT shall provide SUCCESSOR AGENCY with copies of these items upon demand or upon termination of this Agreement.

11. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
12. **Notices.** All notices shall be personally delivered or mailed to the below listed address, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.
  - a. (CONSULTANT)  
HdL Coren & Cone  
Attention: David Schey  
1340 Valley Vista Drive, Suite 200  
Diamond Bar, CA 91765
  - b. (mailing address)  
(Address of City Purchasing) (with a copy to):  
City of Garden Grove Garden Grove City Attorney  
11222 Acacia Parkway 11222 Acacia Parkway  
Garden Grove, CA 92840 Garden Grove, CA 92840
13. **CONSULTANT'S PROPOSAL.** This Agreement shall include CONSULTANT'S proposal or bid which shall be incorporated herein by reference. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
14. **Licenses, Permits, and Fees.** At its sole expense, CONSULTANT shall obtain a **Garden Grove Business License**, all permits, and licenses as may be required by this Agreement.
15. **Familiarity with Work.** By executing this Agreement, CONSULTANT warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties, and restrictions of the work under this Agreement. Should Consultant discover any latent or unknown conditions materially differing from those inherent in the work or as represented by SUCCESSOR AGENCY, it shall immediately inform SUCCESSOR AGENCY of this and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from SUCCESSOR AGENCY.
16. **Time of Essence.** Time is of the essence in the performance of this Agreement.
17. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability, and reputation of CONSULTANT, its principals and employees were a substantial inducement for SUCCESSOR AGENCY to enter into this Agreement. CONSULTANT shall not contract with any other entity to

perform the services required without written approval of the SUCCESSOR AGENCY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of SUCCESSOR AGENCY. If CONSULTANT is permitted to subcontract any part of this Agreement, CONSULTANT shall be responsible to SUCCESSOR AGENCY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and SUCCESSOR AGENCY. All persons engaged in the work will be considered employees of CONSULTANT. SUCCESSOR AGENCY will deal directly with and will make all payments to CONSULTANT.

18. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound.
19. **Indemnification.** To the fullest extent permitted by law, CONTRACTOR defend, and hold harmless SUCCESSOR AGENCY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damages of any nature, including interference with use of property, arising out of, or in any way connected with the negligence, recklessness and/or intentional wrongful conduct of CONTRACTOR, CONTRACTOR'S agents, officers, employees, subcontractors, or independent contractors hired by CONTRACTOR in the performance of the Agreement. The only exception to CONTRACTOR'S responsibility to protect, defend, and hold harmless SUCCESSOR AGENCY, is due to the negligence, recklessness and/or wrongful conduct of SUCCESSOR AGENCY, or any of its elective or appointive boards, officers, agents, or employees.

This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by the CONSULTANT.
20. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified only by subsequent mutual agreements executed by the SUCCESSOR AGENCY and CONSULTANT.
21. **Waiver.** All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the SUCCESSOR AGENCY and CONSULTANT.
22. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the central branch of the Orange County Superior Court.

\\ \\ \\

(Agreement Signature Block On Next Page)

**IN WITNESS THEREOF**, these parties have executed this Agreement on the day and year shown below.

Date: \_\_\_\_\_

**"SUCCESSOR AGENCY"  
THE CITY OF GARDEN GROVE AS  
SUCCESSOR AGENCY  
TO THE GARDEN GROVE  
AGENCY FOR COMMUNITY  
DEVELOPMENT**

By: \_\_\_\_\_

**Agency Director**

**ATTESTED:**

Kathleen Bailor  
**Agency Secretary**

Date: August 4, 2015

**"CONSULTANT"  
HDL COREN & CONE**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Tax ID No. \_\_\_\_\_

If CONSULTANT is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to SUCCESSOR AGENCY.

**APPROVED AS TO FORM:**

Omar Sandoval  
Garden Grove City Attorney

8-3-15  
Date



Delivering Revenue,  
Insight and Efficiency  
to Local Government

1340 Valley Vista Drive  
Suite 200  
Diamond Bar  
California 91765

909.861.4335  
Fax 909.861.7726  
888.861.0220  
www.hdlcompanies.com

July 7, 2015

Mr. Kingsley Okereke  
Finance Director  
City of Garden Grove  
11222 Acacia Street  
Garden Grove, CA 92840

Dear Kingsley:

HdL Coren & Cone (HdLCC) is pleased to present this proposal to provide fiscal consultant services for the Successor Agency of the Garden Grove Redevelopment Agency (the SA) for a proposed issuance of approximately \$42 million in tax allocation bonds pursuant to the agreement for development of the Waterpark Hotel project. It is our understanding that the financing will be secured by the tax increment revenues of the SA's former Community Redevelopment Project Area (the Project Area).

**Scope of Services**

The services under this proposal include the following:

1. A historical review of the Project Area and component area's assessed values and an explanation, if required, of any anomalies or discrepancies revealed by the historical review of Project Areas assessed values;
2. A ten-year tax increment projection based upon the 2015-16 assessed values, property tax growth trends, and committed new development as identified by the Agency and City Planning and Building Departments;
3. As an extension of the tax increment projections described above, an analysis of statutory tax sharing obligations, development and disposition and owner participation agreements to determine the tax increment revenues available to pledge to debt service;
4. An examination of the fiscal impact of the statutory and Redevelopment Plan limitations of the Project Area and its component project areas. This examination will include an assessment of the methods being used by the Orange County Auditor-Controller to make these calculations;
5. A listing of the top ten taxpayers in the Project Area and a determination of their tax payment status (i.e. delinquencies);
6. A review of the tax allocation and disbursement procedures of Orange County in the aftermath of redevelopment dissolution under ABx 1 26 and AB 1484;
7. A review of outstanding property tax assessment appeals within the Project Area;

**Mr. Kingsley Okereke**  
**Garden Grove Successor Agency**  
**Fiscal Consultant's Report Proposal**  
**July 7, 2015, Page 3**

8. A review of recent and pending legislation that may impact the Agency's receipt of tax increment revenues;
9. A review of the recently adopted legislation and its impact on the pledge of the tax increment revenues of the Project Area;
10. Preparation of the Fiscal Consultant's Report describing our assumptions and presenting our projections of Project Area revenues for inclusion with the offering documents of the proposed bond issuance and review of the bond issuance offering documents as they relate to the tax increment revenues and issues discussed in the Fiscal Consultant's Report;
11. Attendance at one meeting authorized by the Agency;
12. Additional Services are services not described above which are authorized in writing by the Agency. Additional Services include, but are not limited to, additional meetings and presentations to rating agencies and insurance companies when they involve out of office travel. Additional Services are provided on a time and materials basis.

**Fee**

Our fee for the fiscal consultant's report is \$21,500 plus 1.15 times actual incurred expenses. Additional Services are billed at the hourly rates listed below plus 1.15 times actual incurred expenses. Additional Services costs shall not exceed \$1,000 without authorization of the Agency.

Partner	\$225.00 per hour
Principal	\$195.00 per hour
Associate	\$150.00 per hour
Senior Analyst	\$100.00 per hour
Analyst	\$ 65.00 per hour

All fees will be billed and payable the sooner of the close of the bond sale, one year from authorization to proceed or upon the Agency's determination not to proceed with a bond issue. In the event that the Agency determines not to proceed with the issuance of the bonds, the fee, less \$5,000, will be prorated based upon the percentage of completion of the scope of work at the time of the Agency's determination. If the scope of work has been completed prior to the Agency's determination not to proceed with the issuance of the bonds the fee, less \$5,000, will be due and payable.

**Schedule**

We are prepared to produce the Fiscal Consultant's Report within 45 days of the written authorization to proceed but will make every reasonable effort to accelerate our work if necessary to accommodate the Agency's schedule for the financing. Our ability to meet this schedule is dependent upon the availability of necessary information from the Agency, the County and any



**Mr. Kingsley Okereke**  
**Garden Grove Successor Agency**  
**Fiscal Consultant's Report Proposal**  
**July 7, 2015, Page 4**

developers currently involved with the Project Area. The completion of Additional Services, if any, will be scheduled at the time of authorization.

An authorized signature below will be considered our authorization to proceed. Please call me if you have any questions.

Sincerely,

HdL Coren & Cone

*David Schey*

Authorized to Proceed: \_\_\_\_\_ Date: \_\_\_\_\_



# CERTIFICATE OF LIABILITY INSURANCE

HDLCO-1

OP ID: AL

DATE (MM/DD/YYYY)

11/24/14

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Partee Insurance Assoc., Inc. License #0786033 584 S. Grand Avenue Covina, CA 91724-3409 Wayne M. Partee CIC, CWCA	626-966-1791 626-331-8132	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS: INSURER(S) AFFORDING COVERAGE INSURER A: Sentinel Insurance Company INSURER B: Technology Insurance Company INSURER C: Twin City Fire Insurance Co. INSURER D: INSURER E: INSURER F:
INSURED HDL Coren & Cone 1340 Valley Vista Dr # 200 Diamond Bar, CA 91765		NAIC #

## COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER: 1

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY Pertain, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	X	72SBAZB3291	11/15/14	11/15/15	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		72SBAZB3291	11/15/14	11/15/15	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB DED <input checked="" type="checkbox"/> RETENTION \$ 10,000	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE	72SBAZB3291	11/15/14	11/15/15	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/> N/A	X TWC3438249	11/15/14	11/15/15	WC STATUTORY LIMITS E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Professional Liab Claim Made Form		72PG0260349 RETRO: 2/15/03	11/15/14	11/15/15	Limit 1,000,000 Ded 25,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development City of Garden Grove, and their respective officers, officials, agents, employees, and volunteers are named as Additional Insured under the GL. Workers Compensation Waiver of Subrogation applies.  
\*30 days notice of cancellation except \*10 days for non payment.

## CERTIFICATE HOLDER

## CANCELLATION

CITYGAR

City of Garden Grove  
Attn: Heide Janz  
11222 Acacia Parkway  
Garden Grove, CA 92840

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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POLICY NUMBER: 72 SBA ZB3291



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

ADDITIONAL INSURED - PERSON-ORGANIZATION

SANTA MONICA, CA 90401

CITY OF AGOURA HILLS  
30001 LADYFACE CT  
AGOURA HILLS, CA 91301

CITY OF PALMDALE, PALMDALE COMMUNITY REDEVELOPMENT AGENCY, PALMDALE  
CIVIC AUTHORITY, HOUSING AUTHORITY, INDUSTRIAL DEVELOPMENT, AIRPORT  
AUTHORITY, THEIR OFFICERS, AGENTS, EMPLOYEES AND VOLUNTEERS  
38250 SIERRA HWY  
PALMDALE CA 93550

CITY OF LA PUENTE  
15900 MAIN ST  
LA PUENTE, CA 91744

FAIRFIELD REDEVELOPMENT AGENCY  
OF THE CITY OF FAIRFIELD  
1000 WEBSTER STREET  
FAIRFIELD, CA 94533

CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY  
FOR COMMUNITY DEVELOPMENT CITY OF GARDEN GROVE, AND THEIR RESPECTIVE  
OFFICERS, OFFICIALS, AGENTS, EMPLOYEES, AND VOLUNTEERS  
ATTN: HEIDI JANZ  
11222 ACACIA PARKWAY  
GARDEN GROVE, CA 92840

CITY OF FORTUNA  
1621 11TH STREET  
FORTUNA CA 95540

CITY OF FONTANA  
BUILDING & SAFETY DEPT  
8353 SIERRA AVENUE  
FONTANA CA 92335

Policy: 72SBAZB3291

## **BUSINESS LIABILITY COVERAGE FORM**

**QUICK REFERENCE  
BUSINESS LIABILITY COVERAGE FORM  
READ YOUR POLICY CAREFULLY**

<b>BUSINESS LIABILITY COVERAGE FORM</b>	<b>Beginning on Page</b>
<b>A. COVERAGES</b>	<b>1</b>
Business Liability	1
Medical Expenses	2
Coverage Extension - Supplementary Payments	2
<b>B. EXCLUSIONS</b>	<b>3</b>
<b>C. WHO IS AN INSURED</b>	<b>10</b>
<b>D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE</b>	<b>14</b>
<b>E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS</b>	<b>15</b>
1. Bankruptcy	15
2. Duties In The Event Of Occurrence, Offense, Claim Or Suit	15
3. Financial Responsibility Laws	16
4. Legal Action Against Us	16
5. Separation Of Insureds	16
6. Representations	16
7. Other Insurance	16
8. Transfer Of Rights Of Recovery Against Others To Us	17
<b>F. OPTIONAL ADDITIONAL INSURED COVERAGES</b>	<b>18</b>
Additional Insureds	18
<b>G. LIABILITY AND MEDICAL EXPENSES DEFINITIONS</b>	<b>20</b>

## BUSINESS LIABILITY COVERAGE FORM

This Paragraph f. applies separately to you and any additional insured.

### 3. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.
- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

### 4. Legal Action Against Us

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this insurance or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

### 5. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom a claim is made or "suit" is brought.

### 6. Representations

#### a. When You Accept This Policy

By accepting this policy, you agree:

- (1) The statements in the Declarations are accurate and complete;
- (2) Those statements are based upon representations you made to us; and

- (3) We have issued this policy in reliance upon your representations.

### b. Unintentional Failure To Disclose Hazards

If unintentionally you should fail to disclose all hazards relating to the conduct of your business at the inception date of this Coverage Part, we shall not deny any coverage under this Coverage Part because of such failure.

### 7. Other Insurance

If other valid and collectible insurance is available for a loss we cover under this Coverage Part, our obligations are limited as follows:

#### a. Primary Insurance

This insurance is primary except when b. below applies. If other insurance is also primary, we will share with all that other insurance by the method described in c. below.

#### b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

#### (1) Your Work

That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

#### (2) Premises Rented To You

That is fire, lightning or explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;

#### (3) Tenant Liability

That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;

#### (4) Aircraft, Auto Or Watercraft

If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section A. – Coverages.

#### (5) Property Damage To Borrowed Equipment Or Use Of Elevators

If the loss arises out of "property damage" to borrowed equipment or the use of elevators to the extent not subject to Exclusion k. of Section A. – Coverages.

**BUSINESS LIABILITY COVERAGE FORM**

**(6) When You Are Added As An Additional Insured To Other Insurance**

That is other insurance available to you covering liability for damages arising out of the premises or operations, or products and completed operations, for which you have been added as an additional insured by that insurance; or

**(7) When You Add Others As An Additional Insured To This Insurance**

That is other insurance available to an additional insured.

However, the following provisions apply to other insurance available to any person or organization who is an additional insured under this Coverage Part:

**\* (a) Primary Insurance When Required By Contract**

This insurance is primary if you have agreed in a written contract, written agreement or permit that this insurance be primary. If other insurance is also primary, we will share with all that other insurance by the method described in c. below.

**(b) Primary And Non-Contributory To Other Insurance When Required By Contract**

If you have agreed in a written contract, written agreement or permit that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

Paragraphs (a) and (b) do not apply to other insurance to which the additional insured has been added as an additional insured.

When this insurance is excess, we will have no duty under this Coverage Part to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

**c. Method Of Sharing**

If all the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

**8. Transfer Of Rights Of Recovery Against Others To Us**

**a. Transfer Of Rights Of Recovery**

If the insured has rights to recover all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

**\* b. Waiver Of Rights Of Recovery (Waiver Of Subrogation)**

If the insured has waived any rights of recovery against any person or organization for all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, we also waive that right, provided the insured waived their rights of recovery against such person or organization in a contract, agreement or permit that was executed prior to the injury or damage.

---

**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT-CALIFORNIA**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 2% of the California workers' compensation premium otherwise due on such remuneration.

**Schedule**

CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY  
DEVELOPMENT CITY OF GARDEN GROVE, AND THEIR RESPECTIVE OFFICERS, OFFICIALS, AGENTS,  
EMPLOYEES, AND VOLUNTEERS  
11222 ACACIA PARKWAY  
GARDEN GROVE, CA 92840

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

Endorsement Effective 11/15/2014 Policy No. TWC3438249 Endorsement No. WC040306

Insured HDL Coren & Cone (A Corp) Premium \$

Insurance Company Technology Insurance Company

Countersigned by

---





# CERTIFICATE OF LIABILITY INSURANCE

HDLCO-1

OP ID: AL

DATE (MM/DD/YYYY)  
11/24/14

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Partee Insurance Assoc., Inc. License #0786033 584 S. Grand Avenue Covina, CA 91724-3409 Wayne M. Partee CIC, CWCA	626-966-1791 626-331-8132	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL: ADDRESS:	INSURER(S) AFFORDING COVERAGE INSURER A: Sentinel Insurance Company <i>ATXV 110000</i> INSURER B: Technology Insurance Company <i>AX11423112</i> INSURER C: Twin City Fire Insurance Co. <i>ATXV 29459</i> INSURER D: INSURER E: INSURER F:	NAIC #
INSURED HDL Coren & Cone 1340 Valley Vista Dr # 200 Diamond Bar, CA 91765				

## COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER: 1

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GENL AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO- JECT <input type="checkbox"/> LOC	X		72SBABZ3291 <i>Reviewed and approved as to insurance language and/or requirements. Heide Janz 7-31-15 Risk Management</i>	11/15/14	11/15/15	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			72SBABZ3291	11/15/14	11/15/15	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> RETENTION \$ 10,000			72SBABZ3291	11/15/14	11/15/15	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/ MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	X TWC3438249	11/15/14	11/15/15	WC STATU- TORY LIMITS E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Professional Liab Claim Made Form			72PG0260349 RETRO: 2/15/03	11/15/14	11/15/15	Limit 1,000,000 Ded 25,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development City of Garden Grove, and their respective officers, officials, agents, employees, and volunteers are named as Additional Insured under the GL. Workers Compensation Waiver of Subrogation applies.  
\*30 days notice of cancellation except \*10 days for non payment.

## CERTIFICATE HOLDER

## CANCELLATION

CITYGAR  City of Garden Grove Attn: Heide Janz 11222 Acacia Parkway Garden Grove, CA 92840	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE <i>Augustine</i>
---	---

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POLICY NUMBER: 72 SBA ZB3291 ✓



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

ADDITIONAL INSURED - PERSON-ORGANIZATION

SANTA MONICA, CA 90401

CITY OF AGOURA HILLS  
30001 LADYFACE CT  
AGOURA HILLS, CA 91301

CITY OF PALMDALE, PALMDALE COMMUNITY REDEVELOPMENT AGENCY, PALMDALE  
CIVIC AUTHORITY, HOUSING AUTHORITY, INDUSTRIAL DEVELOPMENT, AIRPORT  
AUTHORITY, THEIR OFFICERS, AGENTS, EMPLOYEES AND VOLUNTEERS  
38250 SIERRA HWY  
PALMDALE CA 93550

CITY OF LA PUENTE  
15900 MAIN ST  
LA PUENTE, CA 91744

FAIRFIELD REDEVELOPMENT AGENCY  
OF THE CITY OF FAIRFIELD  
1000 WEBSTER STREET  
FAIRFIELD, CA 94533

CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY  
FOR COMMUNITY DEVELOPMENT CITY OF GARDEN GROVE, AND THEIR RESPECTIVE  
OFFICERS, OFFICIALS, AGENTS, EMPLOYEES, AND VOLUNTEERS  
ATTN: HEIDI JANZ  
11222 ACACIA PARKWAY  
GARDEN GROVE, CA 92840

CITY OF FORTUNA  
1621 11TH STREET  
FORTUNA CA 95540

CITY OF FONTANA  
BUILDING & SAFETY DEPT  
8353 SIERRA AVENUE  
FONTANA CA 92335

Reviewed and approved as to insurance language  
and/or requirements.

*Heidi M. Jay*  
Risk Management  
7-31-15

Policy: 72SBAZB3291 ✓

## **BUSINESS LIABILITY COVERAGE FORM**

**QUICK REFERENCE  
BUSINESS LIABILITY COVERAGE FORM  
READ YOUR POLICY CAREFULLY**

<b>BUSINESS LIABILITY COVERAGE FORM</b>	<b>Beginning on Page</b>
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Medical Expenses	<b>2</b>
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<b>B. EXCLUSIONS</b>	<b>3</b>
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**BUSINESS LIABILITY COVERAGE FORM**

This Paragraph f. applies separately to you and any additional insured.

**3. Financial Responsibility Laws**

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.
- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

**4. Legal Action Against Us**

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this insurance or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

**5. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom a claim is made or "suit" is brought.

**6. Representations**

**a. When You Accept This Policy**

By accepting this policy, you agree:

- (1) The statements in the Declarations are accurate and complete;
- (2) Those statements are based upon representations you made to us; and

- (3) We have issued this policy in reliance upon your representations.

**b. Unintentional Failure To Disclose Hazards**

If unintentionally you should fail to disclose all hazards relating to the conduct of your business at the inception date of this Coverage Part, we shall not deny any coverage under this Coverage Part because of such failure.

**7. Other Insurance**

If other valid and collectible insurance is available for a loss we cover under this Coverage Part, our obligations are limited as follows:

**a. Primary Insurance**

This insurance is primary except when b. below applies. If other insurance is also primary, we will share with all that other insurance by the method described in c. below.

**b. Excess Insurance**

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

**(1) Your Work**

That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

**(2) Premises Rented To You**

That is fire, lightning or explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;

**(3) Tenant Liability**

That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;

**(4) Aircraft, Auto Or Watercraft**

If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section A. - Coverages.

**(5) Property Damage To Borrowed Equipment Or Use Of Elevators**

If the loss arises out of "property damage" to borrowed equipment or the use of elevators to the extent not subject to Exclusion k. of Section A. - Coverages.

**BUSINESS LIABILITY COVERAGE FORM**

**(6) When You Are Added As An Additional Insured To Other Insurance**

That is other insurance available to you covering liability for damages arising out of the premises or operations, or products and completed operations, for which you have been added as an additional insured by that insurance; or

**(7) When You Add Others As An Additional Insured To This Insurance**

That is other insurance available to an additional insured.

However, the following provisions apply to other insurance available to any person or organization who is an additional insured under this Coverage Part:

\*

**(a) Primary Insurance When Required By Contract**

This insurance is primary if you have agreed in a written contract, written agreement or permit that this insurance be primary. If other insurance is also primary, we will share with all that other insurance by the method described in c. below.

**(b) Primary And Non-Contributory To Other Insurance When Required By Contract**

If you have agreed in a written contract, written agreement or permit that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

Paragraphs (a) and (b) do not apply to other insurance to which the additional insured has been added as an additional insured.

When this insurance is excess, we will have no duty under this Coverage Part to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

**c. Method Of Sharing**

If all the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

**8. Transfer Of Rights Of Recovery Against Others To Us**

**a. Transfer Of Rights Of Recovery**

If the insured has rights to recover all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

\*

**b. Waiver Of Rights Of Recovery (Waiver Of Subrogation)**

If the insured has waived any rights of recovery against any person or organization for all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, we also waive that right, provided the insured waived their rights of recovery against such person or organization in a contract, agreement or permit that was executed prior to the injury or damage.

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**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT-CALIFORNIA**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 2% of the California workers' compensation premium otherwise due on such remuneration.

**Schedule**

CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY  
DEVELOPMENT CITY OF GARDEN GROVE, AND THEIR RESPECTIVE OFFICERS, OFFICIALS, AGENTS,  
EMPLOYEES, AND VOLUNTEERS  
11222 ACACIA PARKWAY  
GARDEN GROVE, CA 92840

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

Endorsement Effective 11/15/2014

Policy No. TWC3438249 ✓

Endorsement No. WC040306

Insured HDL Coren & Cone (A Corp)

Premium \$

Insurance Company Technology Insurance Company

Countersigned by \_\_\_\_\_

Reviewed and approved as to insurance language  
and/or requirements

*William M. Jay*  
Risk Management  
7-31-15

*EXECUTION COPY*

---

**INDENTURE OF TRUST**

**Dated as of June 1, 2014**

**by and between**

**SUCCESSOR AGENCY TO THE  
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**

**and**

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

**Relating to**

**\$38,810,000  
SUCCESSOR AGENCY TO THE  
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT  
GARDEN GROVE COMMUNITY PROJECT  
TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014**

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is dated as of June 1, 2014, by and between the SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

### WITNESSETH:

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

WHEREAS, a Redevelopment Plan for the Garden Grove Community Project (the "Redevelopment Project") has been adopted in compliance with all requirements of the Law, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Prior Agency has previously issued \$57,025,000 Garden Grove Agency for Community Development, 2003 Tax Allocation Refunding Bonds (Garden Grove Community Project) (the "2003 Bonds") pursuant to the provisions of the Law for the purpose of providing funds to refund certain prior bonds of the Prior Agency and to pay costs of redevelopment activities of the Prior Agency relating to the Redevelopment Project; and

WHEREAS, the Prior Agency has previously entered into a Credit Agreement dated as of June 2, 2008 (the "2008 Loan Credit Agreement") with Union Bank of California, N.A., now known as MUFG Union Bank, N.A. ("Union Bank") related to a term loan facility in the original aggregate principal amount of \$32,000,000 (the "2008 Loan"); and

WHEREAS, Union Bank has agreed by written consent dated January 30, 2014 ("Union Bank Consent"), and all Owners from time to time of the Bonds and any Parity Bonds, in consideration of their acceptance of the Bonds, agree that the 2008 Loan, the Bonds and any Parity Bonds shall be payable on a parity basis under this Indenture for purposes of the payment provisions hereof, as further set forth in this Indenture;

WHEREAS, for the corporate purposes of the Successor Agency, the Successor Agency deems it necessary to issue at this time tax allocation refunding bonds (the "Bonds") in a principal amount not to exceed Thirty-Eight Million Eight Hundred Ten Thousand Dollars (\$38,810,000), and to irrevocably set aside a portion of the proceeds of such Bonds in a separate segregated trust fund which will be used to (1) refund the outstanding 2003 Bonds of the Prior Agency, (2) fund a deposit to a reserve account, and (3) pay costs in connection with the issuance of the Bonds; and

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

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

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

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

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

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

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

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

## ARTICLE I

### DETERMINATIONS; DEFINITIONS

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

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

“Act” means Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

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

“BAM” means Build America Mutual Assurance Company, or any successor thereto.

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

“Bond”, “Bonds” or “2014 Bonds” means the Garden Grove Community Project, Tax Allocation Refunding Bonds, Issue of 2014, authorized by and at any time Outstanding pursuant to this Indenture.

“Bond Insurer” means BAM.

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

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

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

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

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

“City” means the City of Garden Grove, State of California.

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

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

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

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

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

“County” means the County of Orange, California.

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

“Defeasance Securities” means (1) cash, (2) non-callable direct obligations of the United States of America (“Treasures”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasures held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasures are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4), pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, (5), securities eligible for “AAA” defeasance under then existing criteria of S & P or any combination, or (6) other securities approved by BAM.

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

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

“DOF” means the California Department of Finance.

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

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

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

"Indenture" means that certain Indenture of Trust dated as of June 1, 2014, between the Successor Agency and U.S. Bank National Association, approved by Resolution No. 18-13, as amended by Resolution No. 24-14, adopted by the Successor Agency on November 12, 2013 and April 8, 2014, respectively, and Resolution No. 27-13, as amended by Resolution No. 34-14 adopted by the Oversight Board on November 13, 2013, amended April 9, 2014, respectively, authorizing the issuance of the Bonds.

"Independent Financial Consultant" "Independent Engineer" "Independent Certified Public Accountant" or "Independent Redevelopment Consultant" means any individual or firm engaged in the profession involved, appointed by the Successor Agency, and who, or each of whom, has a favorable reputation in the field in which his/her opinion or certificate will be given, and:

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

"Insured Obligations" means the Bonds.

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

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

"Issuer" means the Successor Agency.

"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 Insured Obligations and (b) the maximum rate permissible under applicable usury or other laws limiting interest rates and applicable to the Successor Agency. 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 BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

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



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

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

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

(3) 2008 Loan Annual Debt Service coming due and payable in such Bond Year.

“McWhinney DDA Obligation” means the obligation of the Successor Agency to fund that certain Covenant Consideration in the amount of \$42,000,000 pursuant to Sections 408 and 408.1 of that certain First Amended and Restated Disposition and Development Agreement dated as of April 13, 2010, as amended from time to time, and pursuant to that certain Implementation Agreement (Water Park DDA) dated as of October 8, 2013, as may be amended from time to time in each case by and between the Successor Agency, (as successor to the Prior Agency) and Garden Grove MXD, Inc. or its permitted successor and assigns.

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

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

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

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

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

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

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

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

“Permitted Investments” means:

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

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

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

"Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Revenues which may be outstanding at any time, (b) the aggregate amount of taxes which may be divided and allocated to the Prior Agency (and now the Successor Agency) pursuant to the Redevelopment Plan, (c) the period of time for establishing or incurring indebtedness payable from Tax Revenues and (d) the period of time for receiving Tax Revenues for any purpose, established pursuant to Section 33333.2, 33333.4 or 33333.6 of the Law, as applicable.

"Pledged Tax Revenues" means the portion of the monies deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Successor Agency on or after the date of issue of the Bonds, pursuant to Article 6 of Chapter 6 of the Prior Law and Section 16 of Article XVI of the Constitution of the State, within the Plan Limitations pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including (a) all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, and (b) as to such percentage of annual debt service on any issue of Parity Bonds as shall be specified in the proceedings for such Parity Bonds, all amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund in any Fiscal Year pursuant to Section 33334.3 of the Redevelopment Law but excluding (i) all amounts of such taxes which are payable to entities other than the Successor Agency pursuant to the Tax Sharing Statutes or the Tax Sharing Agreements to the extent such Tax Sharing Statutes or Tax Sharing Agreements create a prior lien on such taxes and such entities other than the Successor Agency have not subordinated their right to receive payments, (ii) except as set forth in (b) above, all amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund in any fiscal year pursuant to Section 33334.3 of the Redevelopment Law and (iii) amounts, if any, payable by the State to the Successor Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State. In accordance with the Dissolution Act, the Bonds and Parity Bonds shall be payable from and secured by, and Pledged Tax Revenues shall include, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (b) of Health & Safety Code Section 34170.5 and subdivision (c) of Health & Safety Code Section 34172, and paid to the Successor Agency as provided in paragraph (2) of subdivision (a) of Health & Safety Code Section 34183. If, and to the extent, that the provisions of Section 34170.5, Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

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

"Prior Agency" means the Garden Grove Agency for Community Development.

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

"Policy" means the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured Obligations when due.

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

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

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

"Redevelopment Plan" means the Redevelopment Plan for the Redevelopment Project known as the "Garden Grove Community Project" as adopted and approved by the City on June 26, 1973 by Ordinance No. 1339; as amended by Ordinance No. 1388, adopted on July 9, 1974; as amended by Ordinance No. 1548, adopted on November 29, 1976; as amended by Ordinance No. 1699 adopted on October 16, 1979, and renamed "Garden Grove Community Project, As Amended"; as amended by Ordinance No. 1760 on June 9, 1981; as merged with the Redevelopment Plan for the Trask Avenue Project, adopted by Ordinance No. 1476 on November 25, 1975; as merged with the Redevelopment Plan for the Brookhurst/Chapman Project, adopted by Ordinance No. 1576 on March 21, 1977; as merged with the Redevelopment Plan for the Brookhurst/Katella Project, adopted by Ordinance No. 1642 on February 21, 1978; as merged by Ordinance No. 1699 on October 16, 1979 and Ordinance No. 1760 on June 1, 1981; as amended by Ordinance No. 2035 on February 16, 1988; as amended by Ordinance No. 2232 on July 14, 1992; as amended by Ordinance No. 2304 on October 18, 1994; as amended by Ordinance No. 2455 on December 8, 1998, and as amended by Ordinance No. 2567 on July 9, 2002.

"Redevelopment Project" means the Garden Grove Community Project established pursuant to the Redevelopment Plan.

"Redevelopment Project Area," or "Project Area" means the area within the Garden Grove Community Project, as described in the Redevelopment Plan.

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

"Refunded Bonds" means the 2003 Bonds.

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

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

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

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

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

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

"Reserve Requirement" means, as of the date of computation and with respect to each series of Bonds or Parity Bonds for which a reserve is to be funded, an amount equal to the lesser of (i) Maximum Annual Debt Service on the Bonds or Parity Bonds exclusive of the 2008 Loan, (ii) 10% of the net proceeds of the Bonds or Parity Bonds exclusive of the 2008 Loan, or (iii) 125% of the average Annual Debt Service on the Bonds or Parity Bonds Outstanding exclusive of the 2008 Loan.

"Security Documents" means the resolution, trust agreement, indenture, ordinance, loan agreement, bond, note, certificate and/or any additional or supplemental document executed in connection with the Insured Obligations.

"Subordinate Debt" means any loans, advances, contracts or indebtedness issued or incurred by Successor Agency in accordance with the requirements of Section 3.4(f), which are secured by a pledge of or lien upon the Pledged Tax Revenues which is subordinate to the pledge of and lien upon the Pledged Tax Revenues hereunder for the security of the Bonds, other than solely by reason of a pledge of the Redevelopment Property Tax Trust Fund arising under Section 34177.5 of the Dissolution Act.

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

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

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

"Tax Sharing Agreements" means the following agreements between the Prior Agency (now the Successor Agency) and affected taxing entities (or La Quinta Homes, LLC, in a single case), together with any permitted amendments or modifications thereof:

- Capital Facilities Agreement by and between the Garden Grove Unified School District (the "GGUS District") and the Prior Agency, dated as of August 25, 1992;
- Tax Sharing Agreement dated as of September 29, 1992 by and among the County of Orange, the County of Orange Harbors, Beaches and Parks Service Area No. 26, the Court of Orange Flood Control District, the County of Orange Public Library;
- Tax Sharing Agreement by and between the County Sanitation District No. 2 and the Prior Agency, Dated November 24, 1992;
- Tax Sharing Agreement by and between the Garden Grove Sanitary District and the Prior Agency, dated November 10, 1992;
- Tax Sharing Agreement by and between the Huntington Beach Union High School District and the Prior Agency, dated February 9, 1993;
- Tax Sharing Agreement by and between the Orange County Vector Control District and the Prior Agency, dated as of July, 1993;
- Tax Sharing Agreement by and between the Westminster School District and the Prior Agency, dated November 10, 1992;
- Capital Facilities Agreement by and between the Rancho Santiago Community College District and the Prior Agency, dated as of August 25, 1992;
- Tax Sharing Agreement by and between the Orange County Water District and the Prior Agency, dated as of June 3, 1992;
- Tax Sharing Agreement by and between the Orange Unified School District and the Prior Agency, dated April 13, 1993;
- Tax Sharing Agreement by and between the Orange County Superintendent of Schools and the Prior Agency, dated June 8, 1993;
- Tax Sharing Agreement by and between the North Orange County Community College District and the Prior Agency, dated June 8, 1993;
- Tax Sharing Agreement by and between the Coast Community College District and the Prior Agency, dated as of July, 1993;
- Owner Participation Agreement by and between the Prior Agency and La Quinta Homes, LLC dated as of November 12, 1996; and
- Resolution of Anaheim Union High School District adopted pursuant to former Health and Safety Code Section 33676(a); and
- Resolution of Anaheim Elementary School District adopted pursuant to former Health and Safety Code Section 33676(a).

"Tax Sharing Statutes" means Sections 33607.5 and/or 33607.7 of the Law and Section 34183 of the Dissolution Act.

"Term Bonds" means any maturity of Parity Debt which is subject to mandatory sinking account redemption pursuant to the instrument authorizing the issuance thereof.

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

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

"Union Bank" means MUFG Union Bank, N.A., successor to Union Bank of California, N.A., and its permitted successors and assigns with respect to the 2008 Loan.

"Union Bank Provisions" means terms of this Indenture pertaining to the 2008 Loan parity payment, namely Section 3.4, Sections 4.1-4.4, inclusive, Section 5.1 covenants 2, 3, 10 and 11, Section 6.10, Section 7.2 and Section 8.1.

"2003 Bonds" means the Prior Agency's \$57,025,000 2003 Tax Allocation Refunding Bonds (Garden Grove Community Project).

"2003 Bonds Escrow Bank" means The Bank of New York Mellon Trust Company, N.A., a national banking association, as escrow bank under the Escrow Agreement.

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

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

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

"2008 Credit Agreement" means the Credit Agreement dated as of June 2, 2008 between the Prior Agency and MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A., and that certain Union Bank Consent dated as of January 30, 2014 referenced in the recitals hereof, providing for the 2008 Loan and certain parity payment treatment of the 2008 Loan under this Indenture, respectively.

"2008 Loan" means the Prior Agency's \$32,000,000 Term Loan Facility, and any Parity Bonds issued to refund the 2008 Loan in accordance with Section 3.4 hereof.

"2008 Loan Annual Debt Service" means for the purpose of issuance of Parity Bonds under Section 3.4 hereof and for calculation of Maximum Annual Debt Service, for any Bond Year, the scheduled principal and interest payable on the 2008 Loan and any obligations issued to refund the



2008 Loan, in whole or in part, in such Bond Year, assuming interest during any period that the 2008 Loan (or refunding loan) bears interest at a variable rate at a fixed rate to maturity equal to the average LIBOR Rate (as such term is defined in the 2008 Loan Credit Agreement) applicable to one month LIBOR commencing on the first business day of each month for the past 84 months for which such LIBOR Rate has been reported plus the Applicable Margin (as such term is defined in the 2008 Credit Agreement) in no event less than four and one quarter percent (4.25%) per annum, as certified by the Independent Financial Consultant in connection with delivery of its certificate or opinion.

“2008 Loan Revenues” means Successor Agency moneys available and designated for payment of the 2008 Loan pursuant to the Dissolution Act, the Prior Law and the 2008 Loan Credit Agreement from moneys deposited in the Redevelopment Property Tax Trust Fund to pay the 2008 Loan or to refinance the 2008 Loan.

“Written Request of the Successor Agency” or “Written Certificate of the Successor Agency” means a request or certificate, in writing signed by the Executive Director, Secretary or Finance Officer of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

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

## ARTICLE II

### AUTHORIZATION AND TERMS

Section 2.1 Authorization of Bonds. (a) Bonds in the aggregate principal amount of Thirty-Eight Million Eight Hundred Ten Thousand Dollars (\$38,810,000) are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture, the Act and the Dissolution Act. This Indenture constitutes a continuing agreement with the Trustee for the benefit of the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Bonds and Parity Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the “Successor Agency to the Garden Grove Agency for Community Development, Garden Grove Community Project, Tax Allocation Refunding Bonds, Issue of 2014.”

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

Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Bonds shall be and are equally secured together with any Parity Bonds, by an irrevocable pledge of the Pledged Tax Revenues and other funds as hereinafter provided, without priority for number, maturity, date of sale, date of execution or date of delivery, except as expressly provided herein, and shall be payable from Pledged Tax Revenues and the 2008 Loan Revenues on a parity basis with the 2008 Loan to the extent and in accordance with Article IV and, in the case of default, Article VIII of this Indenture. 2008 Loan Revenues and Pledged Tax Revenues received by the Trustee shall be applied as provided in this Indenture and in any Supplemental Indenture adopted in accordance with this Indenture.

Nothing in this Indenture shall preclude: (a) the payment of the Bonds or any Parity Bonds from the proceeds of refunding bonds issued pursuant to applicable law, or (b) the payment of the Bonds, any Parity Bonds or the 2008 Loan from any legally available funds. Nothing in this Indenture shall prevent the Successor Agency from making advances of its own funds, however derived, to any of the uses and purposes mentioned in this Indenture.

The Successor Agency shall have the right to defease the Bonds and any Parity Bonds and be discharged from the lien of this Indenture in accordance with the provision of Section 9.3 hereof and to prepay and/or defease the 2008 Loan to the extent permitted under the 2008 Credit Agreement ("2008 Loan Defeasance"). If the Successor Agency shall cause to be paid, or shall have made provision to pay upon maturity or upon redemption prior to maturity, to the Bondowners, Bondowners of any Parity Bonds secured by a pledge hereunder, the principal of, premium, if any, and interest to become due on the Bonds and any such Parity Bonds, through setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Indenture or otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with a fiscal agent or otherwise, moneys sufficient therefor, including, but not limited to, interest earned or to be earned on the investment of such funds, then the lien of this Indenture, including, without limitation, the pledge of the Pledged Tax Revenues, and all other rights granted hereby, shall cease, terminate and become void and be discharged and satisfied, and the principal of, premium, if any, and interest on the Bonds and any such Parity Bonds shall no longer be deemed to be outstanding and unpaid; provided, however, that nothing in this Indenture shall require the deposit of more than such amount as may be sufficient, taking into account both the principal amount of such funds and the interest to become due on the investment thereof, to implement any refunding of the Bonds or Parity Bonds, if the Successor Agency shall provide for the 2008 Loan Defeasance then the Union Bank Provisions shall no longer be in effect and all interest of Union Bank under this Agreement shall cease and terminate.

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

<u>Maturity Date</u> <u>October 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2014	\$2,505,000	1.000%
2015	2,360,000	3.000
2016	2,430,000	3.000
2017	2,505,000	3.000
2018	2,380,000	4.000
2019	2,685,000	4.000
2020	2,795,000	4.000
2021	2,905,000	4.000
2022	3,015,000	5.000
2023	3,170,000	5.000
2024	3,330,000	5.000
2025	1,955,000	5.000
2026	1,955,000	5.000
2027	1,610,000	5.000
2028	1,580,000	5.000
2029	1,630,000	5.000

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

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

Section 2.3     Redemption of Bonds.

(a)     Optional Redemption. The Bonds maturing on or before October 1, 2024, are not subject to optional redemption prior to maturity. The Bonds maturing on or after October 1, 2025 shall be subject to redemption, at the option of the Successor Agency on any date on or after October 1, 2024, as a whole, or in part among such maturities as shall be determined by the Successor Agency and by lot within a maturity from any available source of funds at a redemption price equal the principal amount thereof to be redeemed, together with accrued interest thereon 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 2003 Bonds under this subsection (a), and the manner of selecting such Bonds for redemption from among the maturities thereof, at least forty-five (45) days prior to the date fixed for such redemption (unless the Trustee in its sole discretion shall accept a notice at any later time at least thirty (30) days prior to the date fixed for redemption).

(b)     [RESERVED]

(c)     Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Successor Agency delivered to the Trustee; provided, however, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such 2014 Bonds or the cessation of the accrual of interest thereon. Notice of redemption of the Bonds (other than notice that refers to 2014 Bonds which are the subject of an advance refunding) shall be given only if sufficient funds have been deposited with the Trustee to pay the redemption price of the Bonds to be redeemed. Such notice shall state the redemption date and the redemption price, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) unless all Bonds within a maturity have been called, or shall state that all of the Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the Bonds to be redeemed will not accrue from and after the date fixed for redemption.

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

(e)     Conditional Notice. With respect to any notice of optional redemption of the Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, premium if any, and interest on the Bonds to be redeemed and upon other conditions set forth therein and that, if such moneys shall not have been so received and such other conditions shall not have been satisfied, said notice shall be of no force and effect and the Trustee shall not be required to

redeem such Bonds. If any condition stated in the redemption notice for an optional redemption shall not have been satisfied on or prior to the redemption date: (i) the redemption notice shall be of no force and effect; (ii) the Successor Agency shall not be required to redeem such Bonds; (iii) the redemption shall not be made; and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

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

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

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

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

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

Section 2.6 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or

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

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

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

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

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

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

Section 2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon deliver, a new Bond of like amount and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so

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

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

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

and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the Representation Letter.

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

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

### ARTICLE III

#### DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY BONDS

Section 3.1 Issuance of Bonds. Upon the execution and delivery of this Indenture and receipt by the Successor Agency of evidence satisfactory to it of satisfaction of the conditions precedent to issuance of the Bonds, the Successor Agency shall execute and deliver Bonds in the aggregate principal amount of Thirty-Eight Million Eight Hundred Ten Thousand Dollars (\$38,810,000) to the Trustee and the Trustee shall authenticate and deliver the Bonds upon the Written Request of the Successor Agency.

Section 3.2 Application of Proceeds of Bonds. (a) On the Delivery Date the proceeds of sale of the Bonds \$43,225,954.50, less \$389,290.30 which shall be paid to the Insurer as premium for the Policy, shall be paid to the Trustee and said amount together with moneys transferred from the Funds and Accounts held in connection with the Refunded Bonds shall be applied as follows:

(i) The Trustee shall deposit the amount of \$3,881,000.00 into the Reserve Account of the Debt Service Fund;



(ii) The Trustee shall transfer the amount of \$38,562,885.10 to the 2003 Bonds Escrow Bank for deposit in the 2003 Bonds Escrow Fund pursuant to the 2003 Bonds Escrow Agreement; and

(iii) The Trustee shall deposit the amount of \$392,779.10 from Bond proceeds into the Costs of Issuance Fund.

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

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

Section 3.3 Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said Fund. On the date which is three (3) months following the Delivery Date, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Debt Service Fund and the Trustee shall close the Costs of Issuance Fund.

Section 3.4 Issuance of Parity Bonds. In addition to the Bonds, subject to the requirements of this Indenture and the 2008 Credit Agreement, the Successor Agency may issue or incur Parity Bonds for the purpose of refunding any Bonds or Parity Bonds, all or any portion of the 2008 Loan, or for the purpose of financing the McWhinney DDA Obligation, in such principal amount as shall be determined by the Successor Agency, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and Trustee and for such purposes as are permitted under the Dissolution Act, including without limitation, as applicable, Section 34177.5 thereof. The Successor Agency may issue or incur such Parity Bonds subject to the following specific conditions precedent:

(a) The Successor Agency will be in compliance with all covenants set forth in this Indenture and the 2008 Credit Agreement (unless such compliance is waived by Union Bank);

(b) The Oversight Board shall have approved the issuance of such Parity Bonds, if and to the extent required by the Dissolution Act;

(c) The Parity Bonds will be on such terms and conditions as may be set forth in a separate or Supplemental Indenture, which will provide for (i) bonds or other obligations substantially in accordance with this Indenture such that the Parity Bonds are secured on a parity basis with the Bonds by Pledged Tax Revenues and funds and accounts pledged hereunder (except for the 2014 Bonds Reserve Account) or, with respect to a refunding of the 2008 Loan such that the related Parity Bonds are payable on the same basis as the 2008 Loan is payable hereunder or otherwise in such form as may be approved by the Successor Agency so long as the parity payment provisions of this Indenture applicable to the 2008 Loan (including Sections 4.2, 4.3 and 4.4 hereof)

are made applicable thereto, and (ii) unless otherwise consented by the Bond Insurer, a separate reserve account deposit equal to the Reserve Requirement for such Parity Bonds shall be required for the issuance of Parity Bonds to refund in whole or in part the 2008 Loan or to fund the McWhinney DDA Obligation; provided such reserve deposit may be funded in whole or in part with a debt service reserve surety policy on such terms as may be consented to by BAM and set forth in the Supplemental Indenture;

(d) Receipt of a Report of an Independent Financial Consultant stating:

(i) For the current and each future Bond Year the Annual Debt Service for each such Bond Year with respect to all Bonds, and other Parity Bonds and 2008 Loan Annual Debt Service reasonably expected to be outstanding following the issuance of the Parity Bonds and all other payments reasonably expected to be payable by the Successor Agency ("Other Payments"), (provided the Independent Financial Consultant may rely on good faith estimates of the Successor Agency with respect to the timing and amount of Other Payments for which payments are not known as of the date of the Report);

(ii) For the then current Fiscal Year, the Pledged Tax Revenues to be received by the Successor Agency based upon the most recently certified assessed valuation of taxable property in the Project Area provided by the appropriate officer of the County;

(iii) For each future Fiscal Year, the Pledged Tax Revenues referred to in item (ii) together with (a) the amount determined in accordance with Section 51(a) of the California Revenue and Taxation Code and (b) the amount of Pledged Tax Revenues to be payable with respect to construction completed but not yet on the tax rolls, and taking into account the expiration of the time to receive Pledged Tax Revenues with respect to any portion of the Project Area and any amounts to be paid pursuant to the Pass Through Agreements and the Tax Sharing Statutes; and

(iv) (x) That for the then current Fiscal Year, the Pledged Tax Revenues referred to in item (ii) and for each future Fiscal Year the Pledged Tax Revenues referred to in item (iii) are at least equal to 150% of the sum of Maximum Annual Debt Service with respect to the Bonds, any Parity Bonds and the 2008 Loan, and (y) for the then current Fiscal Year, the Pledged Tax Revenues referred to in item (ii) and for each future Fiscal Year the Pledged Tax Revenues referred to in item (iii) are at least equal to the sum of 100% of the annual payments due in such Fiscal Year with respect to Other Payments and Maximum Annual Debt Service with respect to the Bonds, any Parity Bonds and the 2008 Loan, and that the Successor Agency is entitled under the Dissolution Act, the Law and the Redevelopment Plan to receive taxes under Section 33670 of the Law in an amount sufficient to meet expected debt service with respect to all Bonds, the 2008 Loan and any Parity Bonds.

(e) Except for any obligations issued to refund the 2008 Loan, in whole or in part (which may be payable on the same dates as the 2008 Loan is payable), the Parity Bonds will mature on and interest will be payable on the same dates as the Bonds (except the first interest payment may be from the date of the Parity Bonds until either the next succeeding April 1 or October 1 as Successor Agency may select) and Parity Bonds may be payable on any date following the final maturity of the Bonds, provided, however, nothing herein shall preclude the Successor Agency from issuing and selling Parity Bonds which do not pay current interest.

(f) Issuance of Subordinate Debt. In addition to the Bonds and any Parity Debt, from time to time Successor Agency may issue or incur obligations secured by Pledged Tax Revenues on a basis subordinate to the 2014 Bonds and any Parity Bonds, provided that the issuance of such debt shall be in compliance with the 2008 Credit Agreement comprising Subordinate Debt Covenant 2 of Section 5.1 hereof, and shall not cause Successor Agency to exceed any applicable Plan Limitations.

(g) No Additional Parity Bonds shall be issued without BAM's consent, except for Additional Parity Bonds issued for the purpose of refunding the Bonds or Existing Parity Bonds or to finance the McWhinney DDA Obligation in whole or in part.

(h) Subordinate Debt shall be payable on the same date as the Bonds, or on such other dates to which BAM shall consent. Nothing herein shall restrict or limit Subordinate Debt coming into existence by operation of law.

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

## ARTICLE IV

### SECURITY OF BONDS; FLOW OF FUNDS

Section 4.1 Security of Bonds; Equal Security. Except as provided in Sections 4.2 and 6.6, the Bonds shall be equally secured by a pledge of and lien on all of the Pledged Tax Revenues and on all of the moneys in the Redevelopment Obligation Retirement Fund and the Debt Service Fund (including the Interest Account, the Principal Account and the Reserve Account therein) on a parity (except as to the 2014 Bonds Reserve Account) with the first pledge of and lien thereon of the Parity Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery, subject to application to the purposes and in the manner described herein. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

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

Section 4.2 Redevelopment Obligation Retirement Fund, Debt Service Fund, 2008 Loan Debt Service Fund Deposit of Pledged Tax Revenues and 2008 Loan Revenues. (a) There has been established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to Section 34170.5(a) of the Dissolution Act. The Successor Agency shall establish subaccounts therein to which Pledged Tax Revenues and 2008

Loan Revenues shall be deposited, to be known as the 2014 Bonds Subaccount, the Parity Bonds Subaccount and the 2008 Loan Subaccount. To the extent permitted by law, such subaccounts shall be maintained in separate, segregated accounts of the Successor Agency and used solely to pay obligations related to the Bonds, Parity Bonds and the 2008 Loans, respectively.

(b) There is hereby continued a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee in accordance with this Indenture. The Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year from the RPTTF in accordance with the Dissolution Act in the applicable subaccount of the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and continued under this Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to Section 4.3 of this Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in any Supplemental Indenture.

(c) There is hereby established a special trust fund known as the "2008 Loan Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee in accordance with this Indenture. The Successor Agency shall deposit all of the 2008 Loan Revenues received in any Bond Year from the RPTTF for payment of the 2008 Loan in accordance with the Dissolution Act in the applicable subaccount of the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the 2008 Loan Debt Service Fund established and held under this Indenture until such time that the aggregate amounts on deposit in such 2008 Loan Debt Service Fund equal the aggregate amounts required to be deposited into the 2008 Loan Interest Account and the 2008 Loan Principal Account in such Bond Year pursuant to the 2008 Loan Credit Agreement and this Indenture. In no event are Pledged Tax Revenues or 2008 Loan Revenues subject to a lien hereunder securing payment of the 2008 Loan.

Section 4.3 Transfer of Amounts by the Trustee. There are hereby created accounts and subaccounts within the Debt Service Fund as set forth below, to be known respectively as the Interest Account, the Principal Account and the Reserve Account and subaccounts therein for each issue of Bonds and Parity Bonds. The subaccounts for the 2014 Bonds shall be known as the 2014 Bonds Interest Account, 2014 Bonds Principal Account and the 2014 Bonds Reserve Account. At the same time as moneys are transferred to the respective interest and principal accounts of the 2008 Loan Debt Service Fund pursuant to Section 4.4 hereof and subject to subsection 4.3(d) hereof for the payment of the 2008 Loan, moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts at the following times, for deposit in the following respective accounts within the Debt Service Fund, which are hereby established with the Trustee, in the following order of priority:

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

Payment Date upon all of the Outstanding Bonds and Parity Bonds. Subject to this Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture). Amounts deposited from transfers from the 2014 Bonds Reserve Account shall only be used to secure payments due on the 2014 Bonds.

(b) 2014 Bonds Principal Account. On or before the 5th Business Day preceding each Interest Payment Date in each calendar year beginning October 1, 2014, the Trustee will withdraw from the Debt Service Fund and transfer to the 2014 Bonds Principal Account and any related account for any Parity Bonds an amount equal to the principal payments becoming due and payable on Outstanding Bonds and Parity Bonds on such October 1, whether by reason of maturity, early call for redemption, mandatory sinking account installments or otherwise, to the extent monies on deposit in the Redevelopment Obligation Retirement Fund are available therefor. No such transfer and deposit need be made to the 2014 Bonds Principal Account or any related account for any Parity Bonds if the amount contained therein is at least equal to the principal payments to become due on such October 1 on all Outstanding Bonds and Parity Bonds. Subject to this Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds and Parity Bonds as it becomes due and payable. Amounts deposited from payments under the Policy shall only be used to secure payments due on the Bonds.

(c) 2014 Bonds Reserve Account. In the event the moneys on deposit in the Debt Service Fund five (5) Business Days before any Interest Payment Date are less than the full amount of the interest and principal payments required to be deposited for the 2014 Bonds, the Trustee will, five (5) Business Days before such Interest Payment Date, withdraw from the 2014 Bonds Reserve Account (and any subaccount of the Reserve Account created for Parity Bonds, if any) an amount equal to any such deficiency and will notify the Successor Agency of any such withdrawal. Promptly upon receipt of any such notice, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Reserve Account an amount that will be sufficient to maintain the Reserve Requirement on deposit in the 2014 Bonds Reserve Account and to maintain the Reserve Requirement for Parity Bonds, if any, in the Reserve Account of any additional Parity Bonds. So long as the 2008 Loan remains outstanding, Reserve Account shortfalls shall be funded only from the respective subaccount of the Redevelopment Obligation Retirement Fund to which such shortfall is attributable and in no event will Pledged Tax Revenues be applied to replenishment of Reserve Account shortfalls attributable to inadequate 2008 Loan Revenues to fully fund deposits to the 2008 Loan Debt Service Fund. Subject to the preceding sentence, if there is not sufficient moneys in the Redevelopment Obligation Retirement Fund to transfer an amount that, when added to the amount on deposit in the Reserve Account, will be sufficient to maintain the Reserve Requirement on deposit in, the 2014 Bonds Reserve Account and the Reserve Account for any additional Parity Bonds, the Successor Agency will have an obligation to continue making transfers of Pledged Tax Revenues and, if applicable, 2008 Loan Revenues into the Debt Service Fund, as such revenues become available, and thereafter, as moneys become available in the Debt Service Fund, the Trustee will make transfers to the 2014 Bonds Reserve Account and the Reserve Account for any additional Parity Bonds until there is an amount sufficient to maintain the Reserve Requirement on deposit in the 2014 Bonds Reserve Account and the Reserve Account for any additional Parity Bonds. No such transfer and deposit need be made to the 2014 Bonds Reserve Account (or any subaccount therein) so long as there is on deposit therein a sum at least equal to the Reserve Requirement. Subject to this Indenture all money in the 2014 Bonds

Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the 2014 Bonds Interest Account and the 2014 Bonds Principal Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder, any amount in the 2014 Bonds Reserve Account in excess of the Reserve Requirement will be withdrawn from the 2014 Bonds Reserve Account semiannually on or before the 5th Business Day preceding April 1 and October 1 by the Trustee and deposited in the 2014 Bonds Interest Account. All amounts in the 2014 Bonds Reserve Account on the 5th Business Day preceding the final Interest Payment Date will be withdrawn from the Reserve Account and will be transferred either (i) to the 2014 Bonds Interest Account and the 2014 Bonds Principal Account, in such order, to the extent required to make the deposits then required to be made or, (ii) if the Successor Agency shall have caused to be deposited with the Trustee an amount sufficient to make the deposits required by this Indenture, then at the Written Request of the Successor Agency such amount shall be transferred as directed by the Successor Agency. The prior written consent of the Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Account, if any.

Notwithstanding anything to the contrary set forth in this Indenture, amounts on deposit in the 2014 Bonds Reserve Account shall be applied solely to the payment of debt service due on the 2014 Bonds.

At the time the Bonds mature, amounts on deposit in the 2014 Bonds Reserve Account shall be transferred to the Reserve Account for any Parity Bonds to the extent necessary to maintain the Reserve Requirement on any Parity Bonds then outstanding.

(d) Equal Rights. It is the intention of the Successor Agency that the Bonds and all Parity Bonds shall be payable from all moneys deposited in the Interest Account and the Principal Account of the Redevelopment Obligation Retirement Fund on an equal basis and that the 2008 Loan, the Bonds and Parity Bonds shall be payable on a parity basis in accordance with this Article IV from amounts deposited in the RPTTF. To the extent that moneys received in any 6-month period pursuant to the Recognized Obligation Payment Schedule and deposited in the Redevelopment Obligation Retirement Fund are insufficient to pay debt service on the Bonds, Parity Bonds and 2008 Loan as it becomes due, the Successor Agency shall fund deposits to the respective subaccounts of the Redevelopment Obligation Retirement Fund pro-rata and the Bonds and Parity Bonds and the 2008 Loan shall be payable on a pro-rata basis from all available moneys deposited in the respective subaccounts of the Redevelopment Obligation Retirement Fund and, to the extent that moneys deposited in the respective subaccounts of the Principal Account and the Interest Account of the Debt Service Fund and the 2008 Loan Debt Service Fund are insufficient to pay debt service on the Bonds, Parity Bonds and the 2008 Loan as it becomes due, the Bonds, Parity Bonds and 2008 Loan shall be payable on a pro-rata basis from all available moneys deposited in the respective subaccounts of the Principal Account and the Interest Account of the Redevelopment Obligation Retirement Fund and the 2008 Loan Debt Service Fund; moreover, to the extent described in this Article IV; in no event shall amounts in the Reserve Account be available to pay debt service on the 2008 Loan. In the event at any time the 2008 Loan is paid from amounts transferred from the Debt Service Fund, the Trustee shall be subrogated to all rights of MUFG Union Bank, N.A., under the 2008 Loan Agreement, to the maximum extent permitted by law.

Section 4.4 Transfer of Amounts by the Trustee. There are hereby created accounts within the 2008 Loan Debt Service Fund, to be known respectively as the 2008 Loan Interest

Account and the 2008 Loan Principal Account. Subject in all respects to Section 4.3(d) at the same time as moneys are transferred to the respective Principal Account and Interest Account of the Debt Service Fund pursuant to Section 4.3 of this Indenture for the payment of the Bonds and Parity Bonds, moneys will be transferred by the Trustee in the following amounts at the following times, for deposit in the following respective accounts within the 2008 Loan Debt Service Fund, which are hereby established with the Trustee, in the following order of priority:

(a) 2008 Loan Interest Account. On or before the 5th Business Day preceding each Interest Payment Date, the Trustee will withdraw from the 2008 Loan Debt Service Fund and transfer to the 2008 Loan Interest Account an amount which, when added to the amount contained in the 2008 Loan Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the 2008 Loan on each payment date under the 2008 Loan Credit Agreement for the six month period following such Interest Payment Date as estimated and set forth in a Written Certificate of the Successor Agency. No such transfer and deposit need be made to the 2008 Loan Interest Account from the 2008 Loan Debt Service Fund if the amount contained therein is at least equal to the interest estimated to become due in such six month period in the Written Certificate of the Successor Agency except that the Successor Agency shall amend such Written Certificate to reflect increases in actual interest coming due on the 2008 Loan. Subject to this Indenture, all moneys in the 2008 Loan Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2008 Loan as it becomes due and payable (including accrued interest on the 2008 Loan payable under the 2008 Credit Agreement), pursuant to Written Certificates of the Successor Agency directing such payment and delivered at least two Business Days prior to the date of such payments.

(b) 2008 Loan Principal Account. On or before the 5th Business Day preceding each Interest Payment Date in each calendar year beginning September 1, 2014, the Trustee will withdraw from the 2008 Loan Debt Service Fund and transfer to the 2008 Loan Principal Account an amount equal to the principal payments becoming due and payable on the 2008 Loan for the next six month period, whether by reason of maturity, or prepayment, as set forth in a Written Certificate of the Successor Agency which shall be final and conclusive, or otherwise, to the extent monies on deposit in the Redevelopment Obligation Retirement Fund are available therefor. No such transfer and deposit need be made to the 2008 Loan Principal Account if the amount contained therein is at least equal to the principal payments to become due in such six month period on all the 2008 Loan. Subject to this Indenture, all moneys in the 2008 Loan Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the 2008 Loan as it becomes due and payable pursuant to this Indenture pursuant to Written Certificates of the Successor Agency directing such payment and delivered at least two Business Days prior to the date of such payments.

Section 4.5 Rebate Fund. The Trustee shall establish the Rebate Fund and the Successor Agency shall comply with the requirements below. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the applicable Tax Certificate, unless the Successor Agency obtains an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

(a) Excess Investment Earnings

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

(ii) Transfer. Within 55 days of the end of each fifth Computation Year with respect to the Bonds, upon the written direction of an authorized officer, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this Section 4.5(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 receipt of a Written Certificate of the Successor Agency, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Debt Service Fund.

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

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

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

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Successor Agency shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection 4.5(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 Bonds and the payments described in Section 4.5(a)(iii), shall be transferred by the Trustee to the Successor Agency at the written direction of the Successor Agency and utilized in any manner by the Successor Agency.

(c) Survival of Defeasance. Notwithstanding anything in this Section 4.5 or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Bonds and any Parity Bonds.

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

## ARTICLE V

### OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.1 Covenants of the Successor Agency. As long as the Bonds or any Parity Bonds are Outstanding and unpaid, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Bondowners which are necessary, convenient and desirable to secure the Bonds and the Parity Bonds and will tend to make them more marketable; provided, however, that the covenants do not require the Successor Agency to expend any funds other than the Pledged Tax Revenues and with respect to the 2008 Loan, 2008 Loan Revenues:

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

Covenant 2. No Priority. The Successor Agency covenants and agrees that (a) to the extent permitted by law and subject to the terms of the McWhinney DDA Obligation and other existing "enforceable obligations" (as such term is defined in the Dissolution Act), it will manage its affairs so as to enter into no obligations or to fund existing enforceable obligations in a manner which will cause there to be insufficient tax allocation revenues to pay the Bonds, any Parity Bonds and the 2008 Loan on a timely basis, and (b) it will not issue any obligations payable, either as to principal or interest, from the Pledged Tax Revenues which have any lien upon the Pledged Tax Revenues prior or superior to the lien of the Bonds and Parity Bonds. Except as permitted by Section 3.4 hereof, it will not issue any obligations, payable as to principal or interest, from the Pledged Tax Revenues, which have any lien upon the Pledged Tax Revenues on a parity with the Bonds authorized herein. Notwithstanding the foregoing, nothing in this Indenture shall prevent the Successor Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Pledged Tax Revenues, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all of the Outstanding Bonds or Parity Bonds, (ii) subject to clause (a) above, from issuing and selling obligations which have, or purport to have, any lien upon the Pledged Tax Revenues which is junior or subordinate to the Bonds or which arise solely by reason of a pledge of the Redevelopment Property Tax Trust Fund under Section 34177.5 of the

Dissolution Act or which are payable in whole or in part from tax allocation revenues but are not secured by a pledge thereof, or which come into existence by operation of law (iii) from entering into obligations that are payable from sources other than the Pledged Tax Revenues. As used herein "obligations" includes, without limitation, bonds, notes, interim certificates, debentures or other obligations.

Covenant 3. Punctual Payment. The Successor Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds, Parity Bonds and the 2008 Loan on the date, at the place and in the manner provided in the Bonds, Parity Bonds and the 2008 Credit Agreement. Further, it will take all actions required under the Dissolution Act to include on the Recognized Obligation Payment Schedule for each six-month period all payments to the Trustee to satisfy the requirements of Section 4.2 of this Indenture and the 2008 Credit Agreement, including any amounts required under the Indenture and to replenish the Reserve Account of the Debt Service Fund to the full amount of the Reserve Requirement.

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

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

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

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

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

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

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

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

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

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

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

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

Covenant 10. Compliance with Dissolution Act. The Successor Agency covenants that in addition to complying with the requirements of Covenant 3, it will comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, any Parity Bonds and on the 2008 Loan, as well as any amount required under this Indenture to replenish the respective subaccounts of the Reserve Account of the Debt Service Fund, and to reimburse BAM under the Reserve Agreement in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds, any Parity Bonds and the 2008 Loan coming due in the respective six-month period in accordance with their terms. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under this Indenture and any Supplemental Indenture and the 2008 Credit Agreement when the next property tax allocation is projected to be insufficient to pay all obligations due under this Indenture, any Supplemental Indenture and the 2008 Credit Agreement for the next payment due thereunder and hereunder in the following six-month period.

Covenant 11. Limitation on Indebtedness. The Successor Agency covenants and agrees that if there is a limit on the amount of tax increment revenues that may be collected by the County under the Redevelopment Plan, the Successor Agency will not allow the aggregate amount of debt service remaining to be paid on all outstanding Bonds, and all other bonds, notes, obligations or indebtedness of the Successor Agency to exceed 95 percent of the Remaining Limitation Amount. The Remaining Limitation Amount shall equal and shall be calculated as follows: (i) the aggregate amount of the tax increment revenues that are permitted to be collected under the Redevelopment Plan less (ii) the gross amount of tax increment revenues collected to the date of calculation. The Successor Agency will calculate the Remaining Limitation Amount at the beginning of each Fiscal Year and provide such calculation to BAM. In the event that such 95% limit is or will be reached or exceeded in any Fiscal Year, the Successor Agency shall (a) promptly notify BAM of such fact in writing, (b) redeem

in accordance with the mandatory redemption provisions of the Indenture the amount of outstanding Bonds necessary in such Fiscal Year and in each year thereafter so that the 95% limit is no longer reached or exceeded and (c) include the mandatory redemption payments on its Recognized Obligation Payment Schedule. The foregoing mandatory redemption provisions shall be on such terms as are reasonably acceptable to BAM.

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

Covenant 13. Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any participating underwriter, holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

## ARTICLE VI

### THE TRUSTEE

#### Section 6.1 Duties, Immunities and Liabilities of Trustee.

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

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

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

(e) Every successor Trustee appointed under the provisions of this Indenture shall be a national banking association bank in good standing authorized to exercise trust powers or having the powers of a trust company and duly authorized to exercise trust powers within the State having assets of at least \$250,000,000, and subject to supervision or examination by federal or state authority or a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or is otherwise approved by BAM in writing. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

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

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

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

Section 6.3 Liability of Trustee.

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

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

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

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

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof at its Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to Section 5.1 and may rely conclusively on the certificates accompanying such financial statements to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Pledged Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

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

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

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

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

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

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

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



additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate of report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

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

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

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

Section 6.7 Investment of Moneys in Funds and Accounts. Subject to the provisions of Article V hereof, all moneys held by the Trustee in the Debt Service Fund, 2008 Loan Debt Service Fund, Costs of Issuance Fund and the Rebate Fund, shall, at the written direction of the Successor Agency, be invested only in Permitted Investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any Fund or Account, the Trustee shall request such written direction from the Successor Agency and, pending receipt of instructions, shall invest such moneys solely in Permitted Investments described in subsection (b) of the definition thereof.

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

(b) Moneys in the Interest Account and the Principal Account of the Debt Service Fund and the 2008 Loan Debt Service Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest and principal payment date, there will be in such account, from matured obligations and other moneys already in such account, cash equal to the interest and principal payable on such payment date.

(c) Moneys in the Reserve Account shall be invested in (i) obligations which will by their terms mature on or before the date of the final maturity of the Bonds or five (5) years from the date of investment, whichever is earlier or (ii) an investment agreement which permits withdrawals or deposits without penalty at such time as such moneys will be needed or in order to replenish the Reserve Account.

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

Obligations purchased as an investment of moneys in any of the Funds or Accounts shall be deemed at all times to be a part of such respective Fund or Account and the interest accruing thereon and any gain realized from an investment shall be credited to such Fund or Account and any loss resulting from any authorized investment shall be charged to such Fund or Account without liability to the Trustee. The Successor Agency or the Trustee, as the case may be, shall sell or present for redemption any obligation purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by this Indenture and shall incur no liability for any loss realized upon such a sale. All interest earnings received on any monies invested in the 2014 Bonds Interest Account, 2014 Bonds Principal Account or 2014 Bonds Reserve Account, to the extent they exceed the amount required to be in such Accounts, shall be transferred on each Interest Payment Date to the Debt Service Fund. All interest earnings received on any monies invested in the 2008 Loan Interest Account or 2008 Loan Principal Account, to the extent they exceed the amount required to be in such Accounts, shall be transferred on each Interest Payment Date to the 2008 Loan Debt Service Fund. All interest earnings on monies invested in the Rebate Fund shall be retained in such Fund and applied as set forth in Section 4.6. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 6.7. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.7 hereof. The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

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

The value of Permitted Investments shall be determined as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (iv) as to any investment not specified above: the value thereof established by prior agreement between the Successor Agency and the Trustee. If more than one provision of this definition of "value" shall apply at any time to any particular investment, the value thereof at such time shall be determined in accordance with the provision establishing the

lowest value for such investment; provided, notwithstanding the foregoing, in making any valuations hereunder, the Trustee may utilize and conclusively rely upon such pricing services as may be regularly available to it, including, without limitation, those within its regular accounting system.

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

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

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

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

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

## ARTICLE VII

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.1 Amendment Without Consent of Owners. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Owners or Union Bank, to the extent permitted by law and any for any one or more of the following purposes:

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

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

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

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

Section 7.2 Amendment With Consent of Owners; Union Bank. (a) Except as set forth in Section 7.1, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Bond Insurer and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (i) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Bond Insurer and the Owner of such Bond, (ii) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee or of the Bond Insurer without the Bond Insurer's written consent, or (iv) without its written consent thereto, modify any of the rights of Union Bank or provisions with respect to the 2008 Loan.

(b) Except as set forth in Section 7.1, this Indenture and the rights and obligations of the Successor Agency and of Union Bank with respect to the Union Bank Provisions may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of Union Bank is filed with the Trustee. No such modification or amendment shall (i) materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds except as

provided under Sections 7.1 or 7.2(a) hereof, or (ii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

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

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

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

Section 7.6 Opinion of Counsel. The Trustee shall be provided an opinion of counsel that any such Amendment or Supplemental Indenture entered into by the Successor Agency and the Trustee complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

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

(a) if default shall be made in the due and punctual payment of the principal or interest or redemption premium (if any) on any Bond or Parity Bonds or the 2008 Loan when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements (including default by the obligor on any underlying agreement) or conditions on its part in this Indenture or in the Bonds contained or with respect to any Parity Bonds or the 2008 Loan, other than a default described in the preceding clause (a), and such default shall have continued for a period of 30 days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default; or

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

(d) if any Parity Bonds or the 2008 Loan shall have been accelerated following default with respect thereto in accordance with their terms.

If an Event of Default has occurred and is continuing, the Trustee may, or if requested in writing by the Owners of the majority in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, the Trustee shall, by written notice to the Successor Agency, (a) declare the principal of the Bonds and Parity Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, and (b) upon receipt of indemnity to its satisfaction exercise any other remedies available to the Trustee and the Owners in law or at equity.

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds and/or Parity Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Successor Agency, and the Owners in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds and Parity Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds and Parity Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid interest on the Bonds and Parity 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 and Parity Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds and any Parity Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds and Parity Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the net effective rate then borne by the Outstanding Bonds and Parity Bonds, and the reasonable fees and expenses of the Trustee, including but not limited to attorneys fees, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds and Parity Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds and Parity 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 and Parity Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Upon the occurrence of an event of default, the Trustee may, with the consent of the Bond Insurer and a majority of the Holders of Bonds and Parity Bonds, by written notice to the Successor Agency, declare the principal of the Bonds and Parity Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds and Parity Bonds thereby coming due and the

interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds or Parity Bonds to the contrary notwithstanding.

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

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

Second, subject to Section 4.3(d) hereof relating to parity payments of the 2008 Loan, to the payment of the whole amount then owing and unpaid upon the Bonds, Parity Bonds and 2008 Loan for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds, Parity Bonds and 2008 Loan (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, Parity Bonds and 2008 Loan, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest or any Bond, Parity Bonds or 2008 Loan over any other Bond, Parity Bonds or 2008 Loan.

Section 8.3 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds and Parity Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds and Parity Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

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

and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

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

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

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

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

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



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

Section 8.8 Consent of Bond Insurer. Any reorganization or liquidation plan with respect to the Successor Agency must be acceptable to BAM. In the event of any reorganization or liquidation of the Successor Agency, BAM shall have the right to vote on behalf of all holders of the Insured Obligations absent a continuing failure by BAM to make a payment under the Policy.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Obligations or the Trustee or Paying Agent for the benefit of the holders of the Insured Obligations under the Indenture. No default or event of default may be waived without BAM's written consent.

Section 8.9 BAM as Owner. Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the Insured Obligations for all purposes under the Indenture, including, without limitations, for purposes of exercising remedies and approving amendments.

Section 8.10 Special Provisions for Insurer Default. If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 8.8 and 8.9 above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Insured Obligations for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM 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 Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

## ARTICLE IX

### MISCELLANEOUS

Section 9.1 Benefits Limited to Parties. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than

the Successor Agency, the Bond Insurer, the Trustee, and the registered Owners of the Bonds or any Parity Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Successor Agency, shall be for the sole and exclusive benefit of the Successor Agency, the Bond Insurer, the Trustee, and the registered Owners of the Bonds and any Parity Bonds, as applicable. Notwithstanding anything herein to the contrary BAM is recognized as and shall be deemed to be a third party beneficiary of the Indenture and may enforce the provisions of the Indenture as if it were a party thereto.

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

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

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

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

(iii) by irrevocably depositing with the Trustee, in trust, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds and/or Parity Bonds (including all principal, interest and redemption premiums, if any) at or before maturity and notwithstanding that any Bonds and Parity Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture with respect to all Outstanding Bonds and/or Parity Bonds shall cease and terminate, except only (a) the obligation of the Trustee to transfer and exchange Bonds or Parity Bonds hereunder and (b) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee and BAM. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency. To accomplish defeasance, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds and/or Parity Bonds in full on the maturity or redemption date ("Verification"), (ii) an

Escrow Deposit Agreement, (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds and/or Parity Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds and/or Parity Bonds and/or Parity Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency. At least 5 Business Days prior to any defeasance, the Issuer shall deliver to BAM 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 BAM and shall be in form and substance satisfactory to BAM. 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 Insured Obligations is excludable) from gross income of the holders of the Insured Obligations of the interest on the Insured Obligations for federal income tax purposes and the prior written consent of BAM; b) The Successor Agency will not exercise any prior optional redemption of Insured Obligations 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 BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption; and 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 BAM.

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

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

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

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

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

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

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

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

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

If to the Successor Agency: Successor Agency to the Garden Grove Agency for  
Community Development  
460 N. Euclid Avenue  
Garden Grove, CA 91786  
Attention: Executive Director

If to the Trustee: U.S. Bank National Association  
633 West Fifth Street, 24<sup>th</sup> Floor  
Los Angeles, CA 90071  
Attention: Linda Verstuyft, Vice President  
Ref. Successor Agency to the Garden Grove Agency for  
Community Development, Garden Grove Community  
Project Tax Allocation Refunding Bonds, Issue of 2014

If to the Bond Insurer: Build America Mutual Assurance Company  
1 World Financial Center, 27th Floor  
200 Liberty Street  
New York, NY 10281  
Attention: Surveillance, Re: Policy No. 2014B0359,  
Telephone: (212) 235-2500  
Telecopier: (212) 235-1542  
Email: notices@buildamerica.com.

The Successor Agency will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Insured Obligations or the Trustee under the Security Documents.

In each case in which notice or other communication refers to an event of default or a claim on the 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."

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

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

look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on such Bonds and/or Parity Bonds.

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

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

Section 9.13 Payments Due on Other Than a Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Indenture.

Section 9.14 Payment Procedure Under the Policy. In the event that principal and/or interest due on the Insured Obligations shall be paid by BAM pursuant to the Policy, the Insured Obligations shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM 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 Obligations.

In the event that on the second (2nd) business day prior to any payment date on the Insured Obligations, the Paying Agent or Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Obligations due on such payment date, the Paying Agent or Trustee shall immediately notify BAM 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 Paying Agent or Trustee shall so notify BAM or its designee.

In addition, if the Paying Agent or Trustee has notice that any holder of the Insured Obligations has been required to disgorge payments of principal of or interest on the Insured Obligations 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 Paying Agent or Trustee shall notify BAM 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 BAM.

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

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Obligations, the Paying Agent or Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Insured Obligations in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Obligations, (ii) receive as designee of the respective holders

(and not as Paying Agent) in accordance with the tenor of the Policy payment from BAM 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 Obligations, the Paying Agent or Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Insured Obligations in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Obligations surrendered to BAM, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from BAM, and (iii) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Insured Obligations paid by BAM, whether by virtue of maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Obligations registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Obligation to BAM, registered in the name directed by BAM, 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 Insured Obligation shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Obligation or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of Insured Obligations disbursed by the Paying Agent or Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Insured Obligations, and BAM shall become the owner of such unpaid Insured Obligations 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 Paying Agent and Trustee agree for the benefit of BAM that: (a) they recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Paying Agent or Trustee), on account of principal of or interest on the Insured Obligations, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer/Obligor, with interest thereon, as provided and solely from the sources stated in the Indenture and the Insured Obligations; and (b) they will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Obligations, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Obligations to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

Section 9.15 Additional Payments. The Successor Agency agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM'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 the 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 BAM 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 BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the Issuer agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Issuer, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. The Issuer hereby covenants and agrees that the BAM Reimbursement Amounts are payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured Obligations on a parity with debt service due on the Insured Obligations.

Section 9.16 Exercise of Rights by BAM. The rights granted to BAM under the Security Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM'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 Obligations and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Insured Obligations or any other person is required in addition to the consent of BAM.

BAM shall be entitled to pay principal or interest on the Insured Obligations 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 Policy) and any amounts due on the Insured Obligations as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not BAM has received a claim upon the Policy.

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]*



IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, has caused this Indenture to be signed in its name by its Chair and attested 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 hereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE GARDEN  
GROVE AGENCY FOR COMMUNITY  
DEVELOPMENT

By: \_\_\_\_\_  
Chair

ATTEST:

By: \_\_\_\_\_  
Secretary

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

Acknowledged and Accepted With Respect to  
the Union Bank Provisions only:

MUFG UNION BANK, N.A.

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**  
**(FORM OF BOND)**

No. R-\_\_

\$\_\_\_\_\_

*Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Successor Agency or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*

**UNITED STATES OF AMERICA**  
**STATE OF CALIFORNIA**  
**(COUNTY OF ORANGE)**

**SUCCESSOR AGENCY TO THE**  
**GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**  
**GARDEN GROVE COMMUNITY PROJECT**  
**TAX ALLOCATION REFUNDING BOND, ISSUE OF 2014**

<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Dated Date</b>	<b>CUSIP</b>
_____%	October 1, 20__	July 16, 2014	_____

REGISTERED OWNER:      CEDE & CO.

PRINCIPAL SUM: \_\_\_\_\_ DOLLARS

The SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Successor Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on an interest payment date, in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated prior to an interest payment date and after the close of business on the fifteenth calendar day of the month preceding such interest payment date (a "Record Date"), in which event it shall bear interest from such interest payment date, or (iii) this Bond is authenticated on or before September 15, 2014, in which event it shall bear

interest from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the rate per annum stated above, payable semiannually on April 1 and October 1 in each year (each an "interest payment date"), commencing October 1, 2014, calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee"). Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed on the interest payment date by first class mail to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date next preceding such interest payment date; provided, however, that upon the written request of any Registered Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner.

This Bond is one of a duly authorized issue of Bonds of the Successor Agency designated as "Successor Agency to the Garden Grove Agency for Community Development Garden Grove Community Project Tax Allocation Refunding Bonds, Issue of 2014" (the "Bonds"), in an aggregate principal amount of Thirty-Eight Million Eight Hundred Ten Thousand Dollars (\$38,810,000), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates or redemption and other provisions) and all issued pursuant to the provisions of the Refunding Bond Act, being Article II (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), and pursuant to Resolution No. 18-13, as amended by Resolution No. 24-14, adopted by the Successor Agency on November 12, 2013 and April 8, 2014, respectively, and an Indenture of Trust, dated as of June 1, 2014, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Additional bonds, notes or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency to refund the Prior Agency's (as defined in the Indenture) previously issued \$52,075,000 aggregate initial principal amount, 2003 Tax Allocation Refunding Bonds (Garden Grove Community Project) (the "2003 Bonds").

The Bonds are special obligations of the Successor Agency and are payable from, and are secured by a pledge of and lien on the Pledged Tax Revenues derived by the Successor Agency from the Project Area (as that term is defined in the Indenture), subject to application of such funds to the 2008 Loan (as such term is defined in the Indenture) and otherwise in accordance with the Indenture.

There has been created and will be maintained by the Successor Agency the Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Pledged Tax Revenues shall be

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

The Bonds are subject to optional redemption prior to maturity as set forth in the Indenture.

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the Successor Agency to the Garden Grove Agency for Community Development has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of its Director and its Secretary, all as of the Dated Date.

SUCCESSOR AGENCY TO THE GARDEN  
GROVE AGENCY FOR COMMUNITY  
DEVELOPMENT

By: \_\_\_\_\_  
Director

By: \_\_\_\_\_  
Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

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

Authentication Date: \_\_\_\_\_, 2014

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

[FORM OF LEGAL OPINION]

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

\_\_\_\_\_  
Secretary of the Successor Agency to the Garden  
Grove Agency for Community Development

[FORM OF STATEMENT OF INSURANCE]

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to U.S. Bank National Association, or its successors, as trustee for the Bonds (the "Trustee"). Said Policy is on file and available for inspection at the principal office of the Trustee and a copy thereof may be obtained from BAM or the Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

[FORM OF ASSIGNMENT]

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

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

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

Dated: \_\_\_\_\_

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

Signature Guaranteed:

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

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT AUTHORIZING THE ISSUANCE AND SALE OF TAX ALLOCATION BONDS TO FUND A MCWHINNEY DDA OBLIGATION AND APPROVING THE FORM OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST, BOND PURCHASE CONTRACT, CONTINUING DISCLOSURE AGREEMENT AND RELATED DOCUMENTS AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Garden Grove Agency for Community Development (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 Health and Safety Code (the "Code") of the State of California) (the "Law"), 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 Garden Grove Community Project (the "Redevelopment Project") has been adopted and approved by the City of Garden Grove 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, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill"); and

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

WHEREAS, the powers, assets and obligations of the Former Agency were transferred on February 1, 2012 to the Successor Agency to the Garden Grove Agency for Community Development (the "Successor Agency"); and

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

WHEREAS, the Former Agency, prior to dissolution, entered into that certain First Amended and Restated Disposition and Development Agreement between the Former Agency and Garden Grove MXD, Inc. (the "Developer"), dated April 10, 2010 (together with the Implementation Agreement described below, the "DDA"), providing, among other things, for payment by the Former Agency to the Developer of \$42,000,000 as more fully set forth in the 2014 Indenture (the "McWhinney DDA Obligation") to be paid 30 days after the later of the date on which the Water Park Hotel described therein opens, or the Certificate of Occupancy is received for the Water Park Hotel as more fully described in the DDA (the "McWhinney DDA Conditions"); and

WHEREAS, the original DDA was approved by the Department of Finance in its Final and Conclusive Determination dated February 6, 2013; and

WHEREAS, the Successor Agency (described below) and the Developer entered into an Implementation Agreement dated as of October 8, 2013 (the "Implementation Agreement") which was entered into pursuant to the original DDA and which was approved by the Oversight Board on \_\_\_\_\_, 2013 and the Department of Finance in a letter dated November 8, 2013; and

WHEREAS, Section 34177.5(a)(4) of the Code authorizes successor agencies to issue bonds to make payments under enforceable obligations of their former redevelopment agencies such as the McWhinney DDA Obligation, and Section 34177.5(f) of the Code provides that the actions authorized under the foregoing Section of the Code are subject to the approval of the applicable oversight board; and

WHEREAS, the Former Agency has previously issued its 2003 Tax Allocation Refunding Bonds (Garden Grove Community Project) (the "2003 Bonds") in the original principal amount of \$57,025,000 for the purpose of refinancing other indebtedness of the Former Agency and to finance redevelopment activities of the Former Agency for the Redevelopment Project; and

WHEREAS, the Former Agency has previously entered into a Credit Agreement with Union Bank of California, N.A., dated as of June 2, 2008 providing for a loan to the Agency in the amount of up to \$32 million (the "2008 Loan"), which 2008 Loan is secured by certain tax increment revenues of the Former Agency for the Redevelopment Project; and

WHEREAS, the Successor Agency has previously issued its \$38,810,000 Garden Grove Community Project Tax Allocation Refunding Bonds, Issue of 2014 (the "2014 Bonds") for the purpose of refunding in full the 2003 Bonds; and

WHEREAS, the DDA requires funding of the McWhinney DDA Obligation through the issuance of tax allocation bonds of the Agency secured on a parity with the 2003 Bonds or any bonds which refund the 2003 Bonds, such as the 2014 Bonds; and

WHEREAS, the Successor Agency wishes at this time to issue bonds in the principal amount of not to exceed \_\_\_\_\_ Million Dollars (\$\_\_\_\_\_) (the "2016 Bonds") on a parity with the 2014 Bonds secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5, subdivisions (a) and Section 34177.5(g), to fund the McWhinney DDA Obligation in full upon satisfaction of the conditions to such payment set forth in the DDA (including the Implementation Agreement); and

[WHEREAS, the sale and delivery of such bonds by the Successor Agency may be subject to a prior judicial determination of the validity of such bonds and the Successor Agency also wishes at this time to authorize the institution of judicial proceedings to determine the validity of such bonds; and]

WHEREAS, the Successor Agency wishes at this time to approve all matters relating to the issuance and sale of the 2016 Bonds.

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:



Section 1. Provided the McWhinney DDA Conditions are met, as certified by the Executive Director in writing and subject to the provisions of the Indenture referred to in Section 2 hereof, the issuance of the 2016 Bonds in the aggregate principal amount of not to exceed \_\_\_\_\_ Million Dollars (\$\_\_\_\_\_) on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The 2016 Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture, as the same will be completed as provided in this Resolution. The proceeds of the sale of the 2016 Bonds shall be applied to pay costs of issuance of the 2016 Bonds, fund a reserve, purchase bond insurance and/or a surety for reserve, if applicable and to fund the McWhinney DDA Obligation, as provided in the Supplemental Indenture.

The Successor Agency hereby further finds and determines, based on all evidence and testimony contained in the record, that the Successor Agency has made diligent efforts to ensure that the lowest long-term cost financing will be obtained for the 2016 Bonds, that the financing shall not provide for any bullets or spikes and shall not use variable rates, and that the Successor Agency has retained an independent financial advisor (the "Financial Advisor") in developing financing proposals and the Successor Agency shall make the work product of the Financial Advisor available to the California Department of Finance at its request.

In no event shall the 2016 Bonds be issued, or 2016 Bond proceeds disbursed to pay the McWhinney DDA Obligation except upon compliance with the terms of the Supplemental Indenture with respect thereto, namely certification by the Executive Director that the McWhinney DDA Obligation is due and payable.

Section 2. The First Supplemental Indenture of Trust in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein (the "Supplemental Indenture"), is hereby approved. The Chair and the Secretary of the Successor Agency are hereby authorized and directed to execute and deliver the Indenture in the form presented at this meeting with such changes, insertions and omissions as may be requested by Bond Counsel and approved by the Chair, said execution being conclusive evidence of such approval. Specifically and without limiting the foregoing, the Director is authorized and directed to solicit and accept bids for bond insurance and/or a surety for reserve for the 2016 Bonds, provided he determines acceptance of the best bid will result in further debt service savings, and appropriate changes to each of the documents referenced herein to evidence such bond insurance and the terms thereof, are hereby authorized and approved.

Section 3. The Bond Purchase Contract between the Successor Agency and \_\_\_\_\_ [insert correct purchaser/underwriter group name] (the "Underwriter"), in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Subject to Successor Agency approval of the Preliminary Official Statement described in Section 4 below, the Director of the Successor Agency is hereby authorized and directed to execute the Bond Purchase Contract in the form presented at this meeting with such changes, insertions and omissions as may be approved by the Director, said execution being conclusive evidence of such approval; provided, however, that the Bond Purchase Contract shall be signed only if the terms of the agreement are such that (i) the principal amount of the 2016 Bonds will not exceed the amount required to pay the McWhinney DDA Obligation, including establishing a customary debt service reserve fund, and paying related costs of issuance.

Section 4. The Director is hereby authorized and directed to prepare for subsequent consideration by the Successor Agency a Preliminary Official Statement or Statements relating to the 2016 Bonds (the "Preliminary Official Statement") for use by the Successor Agency and the Underwriter, in connection with the offering and sale of the 2016 Bonds.

Section 5. The Successor Agency hereby finds and determines, based on all evidence contained in the record before the Successor Agency, that (1) notwithstanding the issuance of the 2016 Bonds, there will be sufficient legally available monies to apply Threshold Site Tax Increment (as that term is defined in that certain Note Purchase Agreement dated as of June 1, 2008, by and between the Former Agency and Van Kampen California Value Municipal Income Trust (the "Katella Cottages Note Purchase Agreement") to pay the Note and the Revised Developer Note (as those terms are defined in the Katella Cottages Note Purchase Agreement) and additional Pledged Tax Revenues (as defined in the Indenture) in excess of the Threshold Site Tax Increment to pay debt service on the 2008 Loan and the 2016 Bonds; and (2) the principal amount of the 2016 Bonds has been sized in a manner that provides reasonable assurance that sufficient Threshold Site Tax Increment will be available to pay the Note and the Revised Developer Note.

Section 6. The Chair of the Successor Agency, the Director of the Successor Agency, the Secretary of the Successor Agency, and any other proper officer of the Successor Agency, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments, relating to the 2016 Bonds, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Bond Purchase Contract, the Official Statement, the Continuing Disclosure Agreement, the 2003 Bonds Escrow Agreement, this Resolution and any such agreements including negotiations and acceptance by the Successor Agency of a written consent/estoppel from Union Bank (the "Union Bank Consent"). The Director and the Secretary of the Successor Agency are hereby authorized and directed to negotiate, acknowledge, execute and deliver the Union Bank Consent in such form as may be approved by Agency Counsel and the Underwriter, said execution being conclusive evidence of such approval.

Section 7. [To the extent the Director determines, based on the advice of Bond Counsel, that the sale of the 2016 Bonds will be facilitated by a judgment supporting the validity of the 2016 Bonds, the issuance of the 2016 Bonds may be made subject to a prior judicial determination of the validity of the 2016 Bonds, the Indenture and related matters and this Board hereby authorizes the filing of an action to determine the validity of the 2016 Bonds, the Indenture (or two Indentures of Trust as provided in Section 2, if applicable) and related matters in the appropriate California court under the provisions of Sections 860 *et seq.* of the Code of Civil Procedure of the State of California. In such event, the City Attorney and Bond Counsel are hereby authorized and directed to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the 2016 Bonds, the Indenture and related matters.]

Section 8. The Successor Agency hereby finds and determines, based on all evidence and testimony contained in the record, that the Successor Agency has made diligent efforts to ensure that the lowest long-term cost financing will be obtained for the 2016 Bonds, that the financing shall not provide for any bullets or spikes and shall not use variable rates, and that the Successor Agency has retained an independent financial advisor (the "Financial Advisor") in developing financing proposals; the Successor Agency shall make the work product of the Financial Advisor available to the California Department of Finance at its request.

Section 9. U.S. Bank National Association, (or such other trustee bank as may be selected by the Director), is hereby appointed as Trustee and Dissemination Agent, Stradling Yocca Carlson & Rauth, a Professional Corporation is hereby appointed as Bond Counsel and Jones Hall is hereby appointed as Disclosure Counsel.

Section 10. This Resolution shall take effect immediately upon its adoption.

IN WITNESS WHEREOF, this Resolution is adopted and approved the \_\_\_\_ day of \_\_\_\_\_ 2015.

\_\_\_\_\_  
Chair of the Successor Agency to the  
Garden Grove Agency for Community Development

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary of the Successor Agency to the  
Garden Grove Agency for Community Development

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**FIRST SUPPLEMENTAL INDENTURE OF TRUST**

**Dated as of \_\_\_\_\_ 1, 2016**

**by and between the**

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY  
DEVELOPMENT**

**and**

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

**Relating to**

**\$ \_\_\_\_\_  
Successor Agency to the Garden Grove Agency for Community Development  
Tax Allocation Bonds  
Garden Grove Community Project, Issue of 2016**

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## **FIRST SUPPLEMENTAL INDENTURE OF TRUST**

This First Supplemental Indenture of Trust (this "First Supplement"), dated as of February 1, 2016, is by and between the SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public entity duly existing under the laws of the State of California (the "Successor Agency"), as successor to the Garden Grove Agency for Community Development (the "Former 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 under the hereinafter defined 2014 Indenture (the "Trustee");

### **WITNESSETH:**

**WHEREAS**, this First Supplement is supplemental to the Indenture of Trust, dated as of June 1, 2014 (the "2014 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;

**WHEREAS**, prior to its dissolution (as described below), the Former Agency was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (as amended, the "Law"), including the power to issue bonds and incur debt for any of its corporate purposes;

**WHEREAS**, a Redevelopment Plan (as defined herein) for a redevelopment project (the "Redevelopment Project") of the Former Agency known and designated as the "Garden Grove Community Project" was adopted and subsequently amended in compliance with all requirements of the Law, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with;

**WHEREAS**, the Former Agency, prior to dissolution, entered into that certain First Amended and Restated Disposition and Development Agreement dated April 10, 2010 (together with the Implementation Agreement described below, the "DDA") between the Former Agency and Garden Grove MXD, LLC, whose interest has been assigned to Garden Grove MXD, Inc. (the "Developer"); and

**WHEREAS**, the original DDA was approved by the Department of Finance in its Final and Conclusive Determination dated February 6, 2013; and

**WHEREAS**, the Successor Agency and the Developer entered into an Implementation Agreement dated as of October 8, 2013 (the "Implementation Agreement") which was entered into pursuant to the original DDA and which was approved by the Oversight Board on October 16, 2013 and the Department of Finance in a letter dated November 8, 2013; and

**WHEREAS**, the DDA provides, among other things, for payment by the Former Agency to the Developer of \$42,000,000 as more fully set forth in the DDA (the "McWhinney DDA Obligation," also referred to in the Implementation Agreement as the "Remaining Covenant Consideration") to be paid 30 days after the later of the date on which the Water Park Hotel described therein opens, or the Certificate of Occupancy is received for the Water Park Hotel as more fully described in the DDA (the "McWhinney DDA Conditions"); and

**WHEREAS**, by implementation of California Assembly Bill X1 26, which amended provisions of the Law, and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (as amended, the "Dissolution Act"), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to the Dissolution Act, assumed the duties and obligations of the Former Agency as provided in the Dissolution Act, including, without limitation, the obligations of the Former Agency under the DDA and the related documents to which the Former Agency was a party;

**WHEREAS**, the 2014 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 Law;

**WHEREAS**, the 2014 Bonds were issued on a parity of payment basis with that certain 2008 Credit Agreement, (as such term is defined in the 2014 Indenture), to the extent provided in the 2014 Indenture;

**WHEREAS**, Section 3.4 of the 2014 Indenture permits the issuance of Parity Bonds (within the meaning of the 2014 Indenture) payable from Pledged Tax Revenues on a parity with the 2014 Bonds, subject to certain terms and conditions; and

**WHEREAS**, in order to provide moneys to pay the McWhinney DDA Obligation, pursuant to and in accordance with the terms of the DDA, the Successor Agency now desires to issue its Garden Grove Community Project Tax Allocation Bonds, Issue of 2016 (the "2016 Bonds") in an aggregate principal amount of \$\_\_\_\_\_;

**WHEREAS**, the 2016 Bonds will be issued pursuant to and in accordance with the provisions of Section 34177.5(a)(4) of the California Health and Safety Code and the Law;

**WHEREAS**, debt service on the 2016 Bonds will be payable on a parity basis with the debt service on the 2014 Bonds to the extent set forth in the Indenture, as supplemented hereby; and

**WHEREAS**, the Successor Agency has certified that all acts and proceedings required by law necessary to make the 2016 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 First Supplement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this First Supplement have been in all respects duly authorized.

**NOW, THEREFORE**, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

## **ARTICLE X**

### **ADDITIONAL DEFINITIONS RELATING TO THE 2016 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 Section 1.2 of the 2014 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 Section 1.2 of the 2014 Indenture.

**“Bond Year”** means, with respect to the 2016 Bonds, the one-year period beginning on October 2 in any year and ending on the next succeeding October 1, provided that the first Bond Year with respect to the 2016 Bonds shall begin on the closing date with respect to the 2016 Bonds and end on October 1, 2016.

**“Bonds”** means the 2014 Bonds, the 2016 Bonds, and any Parity Bonds issued as bonds pursuant to a Supplemental Indenture.

**“Closing Date”** means, with respect to the 2016 Bonds, the date on which the 2016 Bonds are delivered to the original purchasers thereof, being \_\_\_\_\_, 2016.

**“Continuing Disclosure Certificate”** means, with respect to the 2016 Bonds, that certain Continuing Disclosure Certificate relating to the 2016 Bonds executed by the Successor Agency and dated the date of issuance and delivery of the 2016 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**“First Supplement”** means this First Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2016, between the Successor Agency and the Trustee.

**“Indenture”** means the 2014 Indenture, as supplemented and amended by this First Supplement, and as they may be further supplemented or amended by any Supplemental Indenture entered into pursuant to the provisions thereof.

**“Original Purchaser”** means, collectively, \_\_\_\_\_, as the original purchasers of the 2016 Bonds.

**“Redevelopment Property Tax Trust Fund”** means the fund by that name established pursuant to California Health and Safety Code Sections 34170.5(a) and 34172(c) and administered by the County auditor-controller.

**“Resolution”** means the resolution adopted by the Successor Agency on \_\_\_\_\_, 2015 approving the issuance of the 2016 Bonds.

**“2014 Indenture”** means the Indenture of Trust dated as of June 1, 2014, by and between the Successor Agency and U.S. Bank National Association, as trustee.

**“2014 Reserve Subaccount”** means the subaccount by that name established within the Reserve Account pursuant to Section [12.05].

**“2016 Bond Insurance Policy”** means the [Municipal Bond Insurance Policy] relating to the 2016 Bonds issued by the 2016 Insurer.]

**“2016 Costs of Issuance Fund”** means the fund by that name established and held by the Trustee pursuant to Section [12.02].

**“2016 Insurer”** means \_\_\_\_\_, or any successor thereto or assignee thereof.]



["**2016 Reserve Insurance Policy**" means the [Municipal Bond Debt Service Reserve Insurance Policy] relating to the 2016 Bonds issued by the 2016 Insurer, with the consent of BAM.]

"**2016 Reserve Subaccount**" means the subaccount by that name established within the Reserve Account pursuant to Section [12.05].

"**2016 Bonds**" means the \$\_\_\_\_\_ aggregate principal amount of Successor Agency to the Garden Grove Agency for Community Development Garden Grove Community Project Tax Allocation Bonds, Issue of 2016.

"**2016 Capitalized Interest Account**" means the account by that name within the 2016 Project Fund established and held by the Trustee pursuant to Section [12.03].

"**2016 Project Fund**" means the fund by that name established pursuant to Section [12.03].

"**2016 Term Bonds**" means the 2016 Bonds maturing on October 1, 20\_\_.

## **ARTICLE XI**

### **AUTHORIZATION OF 2016 BONDS**

**Section 11.01 Authorization of 2016 Bonds.** The 2016 Bonds have been authorized to be issued by the Successor Agency pursuant to the Resolution. The 2016 Bonds are being issued as Parity Bonds in the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), under and subject to the terms of the Indenture, the Resolution and the Law, for the purpose of providing funds to finance and refinance the Redevelopment Project. The Indenture, including this First Supplement, constitutes a continuing agreement with the Owners of all of the 2016 Bonds issued hereunder and at any time Outstanding to secure the full and final payment of principal of and premium, if any, and interest on all 2016 Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The 2016 Bonds shall be designated the "Successor Agency to the Garden Grove Agency for Community Development Garden Grove Community Project Tax Allocation Bonds, Issue of 2016".

**Section 11.02 Terms of 2016 Bonds.** The 2016 Bonds shall be dated as of their Closing Date. The 2016 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000, or any integral multiple thereof. The 2016 Bonds shall be issued in Book-Entry Form as provided in Section 2.11 of the 2014 Indenture.

The 2016 Bonds shall mature on October 1 in each of the years and in the respective principal amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months), payable on each Interest Payment Date commencing [April] 1, 2016, at the rates per annum, as set forth below.

#### **Maturity Schedule for 2016 Bonds**

*Maturity*

*Principal*

*Interest*

*(October 1)*

*Amount*

*Rate*

The 2016 Bonds maturing on October 1, 20\_\_ are hereby designated as 2016 Term Bonds.

The 2016 Bonds 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 [March 15, 2016], in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any 2016 Bond, interest thereon is in default, such 2016 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 2016 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the applicable Interest Payment Date 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 2016 Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2016 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 2016 Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Trustee.

**Section 11.03**      **Redemption.** The 2016 Bonds shall be subject to redemption as provided in this Section 11.03.

(a)      Optional Redemption. The 2016 Bonds maturing on and prior to October 1, 20\_\_ are not subject to optional redemption prior to maturity. The 2016 Bonds maturing on and after October 1, 20\_\_, are subject to redemption, at the option of the Successor Agency on any date on or after October 1, 20\_\_, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the 2016 Bonds to be redeemed, together with accrued interest thereon 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 2016 Bonds under this subsection (a) and of the maturities selected for redemption at least forty-five (45) days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee).

(b)      Mandatory Sinking Fund Redemption. The 2016 Term Bonds maturing October 1, 20\_\_, shall be subject to mandatory redemption in part by lot on October 1, 20\_\_ and on

October 1 in each year thereafter as set forth below, from Sinking Account payments made by the Successor Agency pursuant to Section 4.03(c) at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased in whole or in part pursuant to the last paragraph of this subsection (b), in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the 2016 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future applicable Sinking Account payments shall be reduced by the aggregate principal amount of such 2016 Term Bonds so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a pro rata basis 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).

**2016 Term Bonds Maturing October 1, 20\_\_**

***Sinking Account Redemption Date  
(October 1)***

***Principal Amount To Be  
Redeemed or Purchased***

---

\* Maturity

In lieu of redemption of 2016 Term Bonds pursuant to this subsection (b)(i), amounts on deposit as Sinking Account payments may also be used and withdrawn by the Trustee, at the written direction of the Successor Agency, at any time for the purchase of 2016 Term Bonds otherwise required to be redeemed on the following October 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any of the 2016 Term Bonds so purchased by the Successor Agency and surrendered to the Trustee for cancellation in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of the 2016 Term Bonds otherwise required to be redeemed on the following October 1 pursuant to this subsection (b)(i).

(c) Redemption Procedures. Except as provided in this Section 11.03 to the contrary, Section 2.3(c) through (g) of the 2014 Indenture shall also apply to the redemption of the 2016 Bonds.

**Section 11.04 Form and Execution of 2016 Bonds, CUSIP Numbers.** The 2016 Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by the Indenture.

The 2016 Bonds shall be executed as provided in Section 2.5 of the 2014 Indenture, and shall be otherwise subject to Sections 2.5 through 2.12 (references therein to Section 2.3 being read to include reference to Section 11.03 hereof) of the 2014 Indenture, as provided in Section 3.4 of the 2014 Indenture.

## ARTICLE XII

### DEPOSIT AND APPLICATION OF PROCEEDS OF 2016 BONDS

#### Section 12.01 Issuance of 2016 Bonds; Application of Proceeds of Sale.

(a) Upon the execution and delivery of this First Supplement, the Successor Agency shall execute and deliver the 2016 Bonds in the aggregate principal amount of \$\_\_\_\_\_ to the Trustee, and the Trustee shall authenticate and deliver the 2016 Bonds to the Original Purchaser upon receipt of a Request of the Successor Agency therefor.

(b) On the Closing Date with respect to the 2016 Bonds, the net proceeds of sale of the 2016 Bonds (being \$\_\_\_\_\_, constituting the principal amount of the 2016 Bonds, less an underwriter's discount of \$\_\_\_\_\_ retained by the Original Purchaser, plus net original issue premium of \$\_\_\_\_\_, less \$\_\_\_\_\_ paid to the 2016 Insurer as a portion of the premium for the 2016 Bond Insurance Policy, and less \$\_\_\_\_\_ paid to the 2016 Insurer as a portion of the premium for the 2016 Reserve Insurance Policy (both such premiums being paid on the Closing Date by the Original Purchaser on behalf of the Successor Agency), for a total net purchase price of \$\_\_\_\_\_) shall be paid to the Trustee and deposited by the Trustee as follows:

(i) [The Trustee shall deposit in the 2016 Subaccount of the Reserve Account the amount of \$\_\_\_\_\_.]

(ii) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the 2016 Costs of Issuance Fund.

(iii) The Trustee shall deposit \$\_\_\_\_\_ in the 2016 Capitalized Interest Account.

(iv) The Trustee shall deposit the amount of \$\_\_\_\_\_, being the remainder of the proceeds of the 2016 Bonds, in the 2016 Project Fund.

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

(c) [The Trustee will credit the 2016 Subaccount of the Reserve Account with the 2016 Reserve Insurance Policy.]

**Section 12.02 2016 Costs of Issuance Fund.** There is hereby established a separate fund to be known as the "2016 Costs of Issuance Fund", which shall be held by the Trustee in trust. The moneys in the 2016 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 2016 Bonds upon submission of a Written Request of the Successor Agency stating (a) the person to whom payment is to be made, (b) the amount 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 Written Request of the Successor Agency; in each case together with a statement or invoice for each amount requested thereunder. Each such Written Request of the Successor Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the earlier of the date which is

six (6) months following the Closing Date, or the date of receipt by the Trustee of a Request of the Successor Agency, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and be transferred to the 2016 Project Fund.

**Section 12.03            2016 Project Fund.**

(a) There shall be established with respect to the Redevelopment Project a separate and segregated fund to be known as the "Garden Grove Community Project 2016 Project Fund (the "2016 Project Fund"), together with a "2016 Capitalized Interest Account" therein, which the Trustee shall hold in trust for the benefit of the Successor Agency. The moneys in the 2016 Project Fund, including amounts on deposit in the 2016 Capitalized Interest Account, shall be maintained separate and apart from other moneys of the Successor Agency. The moneys on deposit in the 2016 Project Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing and refinancing the McWhinney DDA Obligation, including, without limitation, the payment of any unpaid Costs of Issuance. The Successor Agency covenants that no funds on deposit in the 2016 Project Fund shall be applied for any purpose not authorized by the Law.

(b) The Trustee shall disburse amounts at any time on deposit in the 2016 Project Fund, other than amounts on deposit in the 2016 Capitalized Interest Account, upon receipt of a disbursement request of the Successor Agency substantially in the form attached hereto as Exhibit B. In no event shall the Trustee be responsible for the manner in which the Successor Agency applies the moneys disbursed to it by the Trustee in accordance with any such disbursement request. Such requisition shall be executed by the Executive Director or the Deputy Executive Director, Finance and Administration, of the Successor Agency or her or his designee.

(c) [On the fourth Business Day preceding April 1, 2016, the Trustee shall transfer from the Capitalized Interest Account to the Interest Account the amount necessary to pay interest on the 2016 Bonds coming due on April 1, 2016. If any amounts remain on deposit in the 2016 Capitalized Interest Account after April 1, 2016, the Trustee shall transfer such amounts to the Interest Account on the fourth Business Day preceding October 1, 2016 and apply such amount to the payment of interest on the 2016 Bonds on October 1, 2016.]

**Section 12.04            \_\_\_\_\_.** [RESERVED]

**Section 12.05            2016 Subaccount of the Reserve Account.** Pursuant to Section 4.3 and 4.3(c) of the 2014 Indenture, the Trustee shall establish, maintain and hold in trust, a separate subaccount within the Reserve Account designated as the "2016 Reserve Subaccount." Amounts on deposit in the 2016 Reserve Subaccount shall be available to pay debt service on the 2016 Bonds [and, to the extent specified in a Supplemental Indenture, additional Parity Bonds issued as Bonds].

[Pursuant to Section 4.3(c) of the 2014 Indenture, in the event of a draw on amounts on deposit in the 2014 Reserve Subaccount or the 2016 Reserve Subaccount to pay debt service on the Bonds, such draw shall be replenished from Tax Revenues on a proportionate basis with the draws on other subaccounts within the Reserve Account without regard to whether a particular subaccount contained cash or a Qualified Reserve Account Credit Instrument that was drawn upon.][TBD]

**Section 12.06 2016 Subaccounts of the Redevelopment Obligation Retirement Fund and the Debt Service Fund.** To facilitate treatment of the 2016 Bonds as Parity Bonds under the Indenture, there is hereby created a 2016 Bonds Parity Bonds Subaccount which shall be treated as a

part of the Parity Bonds Subaccount of the Redevelopment Obligation Retirement Fund for all purposes of the Indenture, along with any additional subaccounts therein established in connection with any additional Parity Bonds. There is hereby established in the Debt Service Fund a 2016 Bonds Interest Account and a 2016 Bonds Principal Account which shall constitute the "related account for any Parity Bonds" referred to in Section 4.3, including (a) and (b), respectively with respect to the 2016 Bonds.

## **ARTICLE XIII**

### **MISCELLANEOUS; 2016 BOND INSURER PROVISIONS**

**Section 13.01 Continuing Disclosure.** The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any owner or beneficial owner of the 2016 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 13.01.

**Section 13.02 Covenants Relating to 2016 Bonds.** All of the covenants set forth in Article V of the 2014 Indenture shall equally apply to the 2016 Bonds. [address any additional covenants related to SB 107 or otherwise].

**Section 13.03 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 2016 Insurer and the Owners of the Bonds, any right, remedy, 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 2016 Insurer and the Owners of the Bonds.

**Section 13.04 Effect of this First Supplement.** Except as in this First Supplement expressly provided or except to the extent inconsistent with any provision of this First Supplement, the 2016 Bonds shall be deemed to be Bonds under and within the meaning thereof as set forth in Section 1.02 of the 2014 Indenture.

**Section 13.05 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 the Indenture, and for the better assuring and confirming unto the Owners of the 2016 Bonds and the rights and benefits provided in the Indenture.

**Section 13.06 Claims Upon the 2016 Insurance Policy.** [To come]

**Section 13.07 Provisions Relating to 2016 Reserve Insurance Policy.** [To come]

**Section 13.08 Rights of the 2016 Insurer.** The 2016 Insurer shall be an Insurer, as such term is defined in the 2014 Indenture, for all purposes of the Indenture.

[To come]

**Section 13.09**      **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 13.10**      **Governing Law.** This First Supplement shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT has caused this First Supplemental Indenture of Trust to be signed in its name by its Deputy Executive Director, Finance and Administration, 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 GARDEN  
GROVE AGENCY FOR COMMUNITY  
DEVELOPMENT**

By: \_\_\_\_\_  
Deputy Executive Director,  
Finance and Administration

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

By: \_\_\_\_\_  
Authorized Officer



**EXHIBIT A**  
**FORM OF 2016 BOND**

No. \_\_\_\_\_

\$ \_\_\_\_\_

**UNITED STATES OF AMERICA**  
**STATE OF CALIFORNIA**

**SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY  
DEVELOPMENT**  
**GARDEN GROVE COMMUNITY PROJECT TAX ALLOCATION BONDS, ISSUE OF 2016**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP:</u>
	October 1, _____	[Closing Date]	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:     DOLLARS

The SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "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 [January 15, 2016], 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 April 1 and October 1 in each year, commencing [April 1, 2016] (each an "Interest Payment Date"), calculated on the basis of 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 in St. Paul, Minnesota, as trustee (the "Trustee"), 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 Garden Grove Agency for Community Development Garden Grove Community Project Tax Allocation Bonds, Issue of 2016" (the "Bonds"), of an aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), 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 Section 34177.5 of the California Health and Safety Code and the Community Redevelopment Law, being Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), and pursuant to an Indenture of Trust, dated as of June 1, 2014, entered into by and between the Successor Agency and the Trustee, as supplemented and amended by a First Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2016 (collectively, the "Indenture"), providing for the issuance of the Bonds. The Bonds are being issued in the form of registered Bonds without coupons. Additional bonds, or other obligations have been and may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the 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 finance and refinance certain redevelopment activities with respect to its Garden Grove Community Project (the "Project Area"), 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 Project Area.

There has been created and will be maintained by the Successor Agency, the Special Fund (as defined in the Indenture) 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 Bonds and any additional Parity Bonds as defined in the Indenture. 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 and the Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds, the Existing Loans (as defined in the Indenture) and any additional Parity Bonds (as defined in the Indenture). In addition, 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 Reserve Account 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 Bonds.

The Bonds maturing on or prior to October 1, 20\_\_, are not subject to optional redemption. The Bonds maturing on or after October 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 October 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 Bonds maturing on October 1, 20\_\_ (the "Term Bonds") shall also be subject to mandatory redemption in whole, or in part by lot, on October 1 in each year, commencing October 1, 20\_\_, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on October 1 in the respective years as set forth in the following table; provided however, that (x) in lieu of redemption thereof the Term Bonds may be purchased by the Successor Agency pursuant to the Indenture, and (y) if some but not all of the Term Bonds have been redeemed pursuant to optional redemption, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the 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).

**Term Bonds of 20\_\_**

*October 1*

*Principal Amount*

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 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 shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of 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 shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee

shall 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 and to the same recipients 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) reduce the percentage of Bonds required for the written consent to any such amendment or modification or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Successor Agency or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Bond is not a debt, liability or obligation of the City of Garden Grove, 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 Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Law or all other 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 Garden Grove Agency for Community Development has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Director, and attested by the facsimile signature of its Secretary, all as of the Dated Date set forth above.

SUCCESSOR AGENCY TO THE GARDEN  
GROVE AGENCY FOR COMMUNITY  
DEVELOPMENT

By: \_\_\_\_\_  
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

## 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.

## **STATEMENT OF INSURANCE**

[To come]

**EXHIBIT B**

**FORM OF PROJECT FUND DISBURSEMENT REQUEST**

**DISBURSEMENT REQUEST NO.:** \_\_\_\_\_

U.S. Bank National Association  
Attn.: Global Corporate Trust Services  
One California Street, Suite 1000  
Los Angeles, CA \_\_\_\_\_  
Fax: \_\_\_\_\_  
Attention: Global Corporate Trust Services

Re: \$ \_\_\_\_\_ Successor Agency to the Garden Grove Agency for Community  
Development Garden Grove Community Project Tax Allocation Bonds, Issue of 2016

Ladies and Gentlemen:

In accordance with the terms of an Indenture of Trust, by and between you and the undersigned, dated as of June 1, 2014, as supplemented and amended by a first Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2016 (collectively, the "Indenture"), you are hereby authorized and requested to make immediate disbursement of funds held by you in the 2016 Project Fund for costs of financing the McWhinney DDA Obligation (as defined in the Indenture) pursuant to Section [11.04] of the Indenture.

You are hereby requested to pay to the person(s), corporation(s) or other entity(ies) designated on Schedule A attached hereto as Payee(s), the sum set forth on said Schedule, in payment of all or a portion of the costs of the McWhinney DDA Obligation described on said Schedule. [The undersigned hereby certifies that the McWhinney DDA Obligation is due and payable in the amount of \$42,000,000 and that all conditions to the Successor Agency's obligation to make such payment have been satisfied as of the date hereof].

Dated: \_\_\_\_\_, 2016

SUCCESSOR AGENCY TO THE GARDEN  
GROVE AGENCY FOR COMMUNITY  
DEVELOPMENT

By: \_\_\_\_\_  
Director