
FIRST SUPPLEMENTAL INDENTURE OF TRUST

Dated as of March 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

\$36,540,000

**Successor Agency to the Garden Grove Agency for Community Development
Garden Grove Community Project
Tax Allocation Bonds, 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, pursuant to which the Successor Agency issued its Garden Grove Community Project Tax Allocation Refunding Bonds, Issue of 2014 (the “2014 Bonds”);

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 by 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 \$36,540,000;

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.

“Closing Date” means, with respect to the 2016 Bonds, the date on which the 2016 Bonds are delivered to the original purchasers thereof, being March 17, 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 March 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.

“Insured 2016 Bonds” means the 2016 Bonds maturing on October 1 in the years 2022 through 2033, inclusive.

“Original Purchaser” means, collectively, Mesirow Financial, Inc., Ramirez & Co., Inc. and Stifel, Nicolaus & Company, Incorporated, 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 October 13, 2015 approving the issuance of the 2016 Bonds.

“2014 Bond” and **“2014 Bonds”** means the Successor Agency to the Garden Grove Agency for Community Development Garden Grove Community Project Tax Allocation Refunding Bonds, Issue of 2014

“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 Insurer” means BAM.

“2014 Reserve Subaccount” means the subaccount by that name established within the Reserve Account pursuant to Section 12.04.

“2016 Bond” and **“2016 Bonds”** means the \$36,540,000 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 Bond Insurance Policy” means the Municipal Bond Insurance Policy issued by the 2016 Insurer that guarantees the scheduled payment of principal of and interest on the Insured 2016 Bonds when due.

“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 BAM.

“2016 Project Fund” means the fund by that name established pursuant to Section 12.03.

“2016 Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy relating to the 2016 Bonds issued by the 2016 Insurer.

“2016 Reserve Subaccount” means the subaccount by that name established within the Reserve Account pursuant to Section 12.04.

“2016 Security Documents” means the Security Documents executed in connection with and providing security for the Insured 2016 Bonds.

“2016 Term Bonds” means the 2016 Bonds maturing on October 1, 2033.

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 Thirty-Six Million Five Hundred Forty Thousand Dollars (\$36,540,000), 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 the 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 October 1, 2016, at the rates per annum, as set forth below.

Maturity Schedule for 2016 Bonds

<i>Maturity (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2020	\$ 1,900,000	4.000%
2021	1,975,000	4.000
2022	2,055,000	5.000
2023	2,160,000	5.000
2024	2,265,000	5.000
2025	2,380,000	5.000
2026	2,500,000	5.000
2027	2,625,000	5.000
2028	2,755,000	5.000
2029	2,895,000	5.000
2030	3,040,000	5.000
3031	3,190,000	5.000
2033	6,800,000	3.000

Each 2016 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before September 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, 2025 are not subject to optional redemption prior to maturity. The 2016 Bonds maturing on and after October 1, 2026, are subject to redemption, at the option of the Successor Agency on any date on or after April 1, 2026, 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 shall be subject to mandatory redemption in part by lot on October 1, 2032 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, 2033

<i>Sinking Account Redemption Date (October 1)</i>	<i>Principal Amount to be Redeemed or Purchased</i>
2032	\$3,350,000
2033*	3,450,000

* Maturity

In lieu of redemption of 2016 Term Bonds pursuant to this subsection (b), 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).

(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 \$36,540,000 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 \$42,352,154.48, constituting the principal amount of the 2016 Bonds, less an underwriter's discount of \$182,501.12 retained by the Original Purchaser, plus net original issue premium of \$6,344,334.75, less \$257,236.15 paid to the 2016 Insurer as a portion of the premium for the 2016 Bond Insurance Policy, and less \$92,443.00 paid to the 2016 Insurer as a portion of the premium for the 2016 Reserve Policy (both such premiums being paid on the Closing Date by the Original Purchaser on behalf of the Successor Agency) shall be paid to the Trustee and deposited by the Trustee as follows:

(i) The Trustee shall deposit the amount of \$352,154.48 in the 2016 Costs of Issuance Fund.

(ii) The Trustee shall deposit the amount of \$42,000,000.00, 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 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"), which the Trustee shall hold in trust for the benefit of the Successor Agency. The moneys in the 2016 Project Fund 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 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 Director or the Finance Director of the Successor Agency or her or his designee.

Section 12.04 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, separate subaccounts within the Reserve Account designated as the "2014 Reserve Subaccount" and the "2016 Reserve Subaccount." Amounts on deposit in the 2014 Reserve Subaccount shall be available to pay debt service on the 2014 Bonds. Amounts on deposit in the 2016 Reserve Subaccount shall be available to pay debt service on the 2016 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 2016 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 the draw upon a particular subaccount accessed cash or a reserve account credit instrument.

Subject to the Indenture all money in the 2016 Reserve Subaccount will be used and withdrawn by the Trustee solely for the purpose of making transfers to the 2016 Bonds Interest Account and the 2016 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 2016 Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder, any amount in

the 2016 Reserve Subaccount in excess of the Reserve Requirement will be withdrawn from the 2016 Reserve Subaccount semiannually on or before the 5th Business Day preceding April 1 and October 1 by the Trustee and deposited in the 2016 Bonds Interest Account. All amounts in the 2016 Reserve Subaccount 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 2016 Bonds Interest Account and the 2016 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 the 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 BAM 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 the Indenture, amounts on deposit in the 2016 Reserve Subaccount shall be applied solely to the payment of debt service due on the 2016 Bonds.

At the time the 2016 Bonds mature, amounts on deposit in the 2016 Reserve Subaccount 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.

Section 12.05 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.

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 2016 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 2016 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 Provisions relating to the 2016 Insurer and the 2016 Bond Insurance Policy. The following provisions shall apply while any Insured 2016 Bonds are Outstanding:

(a) In the event that principal and/or interest due on the Insured 2016 Bonds shall be paid by the 2016 Insurer pursuant to the 2016 Bond Insurance Policy, the Insured 2016 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Successor Agency to the registered owners shall continue to exist and shall run to the benefit of the 2016 Insurer and the 2016 Insurer shall be subrogated to the rights and remedies 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 2016 Bonds.

(b) In the event that on the second (2nd) Business Day prior to any payment date on the Insured 2016 Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Insured 2016 Bonds due on such payment date, the Trustee shall immediately notify the 2016 Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall notify the 2016 Insurer or its designee immediately upon receipt of payment.

(c) In addition, if the Trustee has notice that any holder of the Insured 2016 Bonds has been required to disgorge payments of principal of or interest on the Insured 2016 Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify the 2016 Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the 2016 Insurer.

(d) The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the Insured 2016 Bonds as follows:

(i) If there is a deficiency in amounts required to pay interest and/or principal on the Insured 2016 Bonds, the Trustee shall execute and deliver to the 2016 Insurer, in form satisfactory to the 2016 Insurer, an instrument appointing the 2016 Insurer as agent and attorney-in-fact for such Owners of the Insured 2016 Bonds in any legal proceeding related to the

payment and assignment to the 2016 Insurer of the claims for interest on the Insured 2016 Bonds, receive as designee of the respective Owners in accordance with the tenor of the 2016 Bond Insurance Policy payment from the 2016 Insurer with respect to the claims for interest so assigned, and disburse the same to such respective Owners; and

(ii) If there is a deficiency in amounts required to pay principal of the Insured 2016 Bonds, the Trustee shall (i) execute and deliver to the 2016 Insurer, in form satisfactory to the 2016 Insurer, an instrument appointing the 2016 Insurer as agent and attorney-in-fact for such holder of the Insured 2016 Bonds in any legal proceeding related to the payment of such principal and an assignment to the 2016 Insurer of the Insured 2016 Bonds surrendered to the 2016 Insurer, (ii) receive as designee of the respective Owners in accordance with the tenor of the 2016 Bond Insurance Policy payment therefore from the 2016 Insurer, and (iii) disburse the same to such Owners.

(iii) The Trustee shall designate any portion of payment of principal on Insured 2016 Bonds paid by the 2016 Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured 2016 Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured 2016 Bond to the 2016 Insurer, registered in the name directed by the 2016 Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured 2016 Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any Insured 2016 Bond or the subrogation or assignment rights of the 2016 Insurer.

(e) Payments with respect to claims for interest on and principal of Insured 2016 Bonds disbursed by the Trustee from proceeds of the 2016 Bond Insurance Policy shall not be considered to discharge the obligation of the Successor Agency with respect to such Insured 2016 Bonds, and the 2016 Insurer shall become the owner of such unpaid Insured 2016 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the Successor Agency and the Trustee agree for the benefit of the 2016 Insurer that:

(i) They recognize that to the extent the 2016 Insurer makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Insured 2016 Bonds, the 2016 Insurer will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the Successor Agency, with interest thereon, as provided and solely from the sources stated in the 2016 Security Documents and the Insured 2016 Bonds; and

(ii) They will accordingly pay to the 2016 Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured 2016 Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured 2016 Bonds to Owners, and will otherwise treat the 2016 Insurer as the owner of such rights to the amount of such principal and interest.

Section 13.07 Additional Payments. The Successor Agency agrees unconditionally that it will pay or reimburse the 2016 Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the 2016 Insurer may pay or incur, including, but not limited to, fees and expenses of the 2016 Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the 2016 Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the 2016 Insurer spent in connection with the actions described in the preceding sentence. The Successor Agency agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the 2016 Insurer until the date the 2016 Insurer is paid in full.

(a) Notwithstanding anything herein to the contrary, the Successor Agency agrees to pay to the 2016 Insurer (i) a sum equal to the total of all amounts paid by the 2016 Insurer under the 2016 Bond Insurance Policy ("the 2016 Insurer 2016 Bond Insurance Policy Payment"); and (ii) interest on such the 2016 Insurer 2016 Bond Insurance Policy Payments from the date paid by the 2016 Insurer until payment thereof in full by the Successor Agency, payable to the 2016 Insurer at the Late Payment Rate per annum (collectively, the "2016 Insurer Reimbursement Amounts") compounded semi-annually. The Successor Agency hereby covenants and agrees that the 2016 Insurer Reimbursement Amounts are payable from and secured by a lien on and pledge of the Pledged Tax Revenues on parity with debt service due on the Insured 2016 Bonds.

Section 13.08 Meet and Confer; Recognized Obligation Payments Schedule Denial. The Successor Agency shall provide the 2016 Insurer with copies of all Recognized Obligation Payment Schedules submitted to the Department of Finance and any and all correspondence received from the Department of Finance upon receipt. Documents posted on a timely basis on the Department of Finance website shall meet this requirement. In the event that the Successor Agency is a party to a meet and confer with the Department of Finance the subject of which could impact the payment of or security for the 2016 Bonds or Administrative Costs, the Successor Agency shall timely notify the 2016 Insurer and the 2016 Insurer shall have the right to participate in the meet and confer process either by appearance with the Successor Agency at the meet and confer or through written submission as the 2016 Insurer determines in its discretion. In the event the Successor Agency receives a denial of an item listed on the Successor Agency's Recognized Obligation Payments Schedule, whether relating to the Insured 2016 Bonds or not, and such denial could delay the receipt of tax revenues necessary to pay debt service on the Insured 2016 Bonds, Administrative Costs, or the 2016 Insurer Reimbursement Amounts relating to the Insured 2016 Bonds, the Successor Agency agrees to cooperate in good faith with the 2016 Insurer and the 2016 Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the Department of Finance and to discuss such matters with the Department of Finance directly.

In the event the Successor Agency fails to timely file any Recognized Obligation Payment Schedule relating to the Insured 2016 Bonds for any period, the Successor Agency designates the 2016 Insurer as its attorney in fact with the power to file a Recognized Obligation Payment Schedule relating to the Insured 2016 Bonds.

The Successor Agency will not, without the prior written consent of the 2016 Insurer, approve or submit for approval by the Oversight Board of the Successor Agency or the DOF a Recognized Obligation Payment Schedule covering multiple Fiscal Years or any Last and Final Recognized Obligation Payment Schedule, unless required by law.

Section 13.09 Exercise of Rights by the 2016 Insurer. The rights granted to the 2016 Insurer under the 2016 Security Documents and Insured 2016 Bonds to request, consent to or direct any action are rights granted to the 2016 Insurer in consideration of its issuance of the 2016 Bond Insurance Policy. Any exercise by the 2016 Insurer of such rights is merely an exercise of the 2016 Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the Insured 2016 Bonds and such action does not evidence any position of the 2016 Insurer, affirmative or negative, as to whether the consent of the Owners of the Insured 2016 Bonds or any other person is required in addition to the consent of the 2016 Insurer.

The 2016 Insurer shall be entitled to pay principal or interest on the Insured 2016 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Successor Agency (as such terms are defined in the 2016 Bond Insurance Policy) and any amounts due on the Insured 2016 Bonds as a result of acceleration of the maturity thereof in accordance with the 2016 Security Documents, whether or not the 2016 Insurer has received a claim upon the 2016 Bond Insurance Policy.

Section 13.10 Provisions Relating to 2016 Reserve Policy. Notwithstanding anything to the contrary set forth in the Indenture, the Successor Agency and the Trustee agree to comply with the following provisions while any 2016 Bonds are Outstanding:

(a) The Successor Agency shall repay any draws under the 2016 Reserve Policy and pay all related reasonable expenses incurred by the 2016 Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the 2016 Insurer at the Late Payment Rate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "2016 Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of 2016 Policy Costs related to such draw.

Reimbursement to the 2016 Insurer of the portion of 2016 Policy Costs attributable to principal draws on the 2016 Reserve Policy shall be secured by Pledged Tax Revenues on a parity basis with payments on Bonds and Parity Debt and replenishment of the 2014 Reserve Subaccount; payment of all other 2016 Policy Costs shall be secured by a pledge of Pledged Tax Revenues subject and subordinate to prior payment of debt service on Bonds and Parity Debt and replenishment of draws on the Reserve Account, including reimbursement of draws on the 2016 Reserve Policy. As and to the extent that payments are made to the 2016 Insurer on account of principal due, the coverage under the 2016 Reserve Policy will be increased by a like amount, subject to the terms of the 2016 Reserve Policy.

All cash and investments in the 2016 Reserve Subaccount shall be transferred to the Debt Service Fund for payment of the debt service on the 2016 Bonds before any drawing may be made on the 2016 Reserve Policy or any other reserve account credit instrument in lieu of cash.

With respect to replenishment of the 2016 Reserve Subaccount, payment of any 2016 Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all reserve account credit instruments (including the 2016 Reserve Policy) in the 2016 Reserve Subaccount on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of 2016 Policy Costs and reimbursement of amounts with respect to other reserve account credit instruments in the 2016 Reserve Subaccount shall be made on a pro-rata basis prior to replenishment of any cash drawn from the 2016 Reserve Subaccount. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Draws under the 2016 Reserve Policy may only be used to make payments on 2016 Bonds.

(c) If the Successor Agency shall fail to pay any 2016 Policy Costs in accordance with the requirements of paragraph (a) above, the 2016 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the 2016 Bonds, or (ii) remedies which would adversely affect Owners of the 2016 Bonds.

(d) The Indenture shall not be discharged until all 2016 Policy Costs owing to the 2016 Insurer shall have been paid in full. The Successor Agency’s obligation to pay such amount shall expressly survive payment in full of the 2016 Bonds.

(e) The Trustee shall ascertain the necessity for a claim upon the 2016 Reserve Policy in accordance with the provisions of paragraph (a) hereof and provide notice to the 2016 Insurer at least three business days prior to each date upon which interest or principal is due on the 2016 Bonds.

(f) The 2016 Reserve Policy shall expire on the earlier of the date the 2016 Bonds are no longer Outstanding and the final maturity date of the 2016 Bonds.

Section 13.11 Rights of the 2016 Insurer. All references to the Bond Insurer set forth in Section 3.4 and Articles V, VI, VII, VIII and IX of the 2014 Indenture shall also mean and refer to the 2016 Insurer so long as any Insured 2016 Bonds remain Outstanding, to the full extent as if separately referenced therein. As used in Covenant 10 of Section 5.1, the Reserve Agreement shall refer to the 2016 Reserve Policy.

Notices provided to the 2016 Insurer shall be sent to the following address: Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor, New York, NY 10281, Attention: Surveillance, Re: Policy No. 2016B0160, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the 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 13.12 References to Plan Limitations Not Intended to Limit Available Pledged Tax Revenues. The Agency does not intend by the reference to Plan Limitations in the definition of Pledged Tax Revenues to restrict the amount of tax increment revenue otherwise payable to the Agency for payment of the 2014 Bonds, the 2016 Bonds and the 2008 Loan beyond that required by the Dissolution Act.

Section 13.13 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 13.14 Governing Law. This First Supplement shall be construed and governed in accordance with the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT has caused this First Supplemental Indenture of Trust to be signed in its name by its Director and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this First Supplemental Indenture of Trust 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: 
Director

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

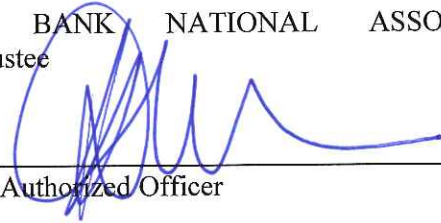
By: _____
Authorized Officer

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 Director and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this First Supplemental Indenture of Trust 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: _____
Director

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:  _____
Authorized Officer

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 Thirty-Six Million Five Hundred Forty Thousand Dollars (\$36,540,000), 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 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 March 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 2014 Bonds and the 2008 Loan (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 or interest or redemption premium, if any, on the Bonds.

The Bonds maturing on or prior to October 1, 2025, are not subject to optional redemption. The Bonds maturing on or after October 1, 2026, 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 April 1, 2026, 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, 2033 (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, 2032, 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 Maturing October 1, 2033

<i>Sinking Account Redemption Date (October 1)</i>	<i>Principal Amount To Be Redeemed or Purchased</i>
2032	\$3,350,000
2033*	3,450,000

* Maturity

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

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

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

Authentication Date: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized 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
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right
of survivorship and not as
tenants in common
COMM PROP -- as community property

UNIF GIFT MIN ACT _____ Custodian _____
(Cust.) (Minor)
under Uniform Gifts to Minors Act _____
(State)

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

EXHIBIT B

FORM OF PROJECT FUND DISBURSEMENT REQUEST

DISBURSEMENT REQUEST NO.: _____

U.S. Bank National Association
Attn.: Global Corporate Trust Services
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Fax: 213-615-6199

Re: \$36,540,000 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 March 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 12.03 of the Indenture.

You are hereby requested to pay, on March 18, 2016, 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

SCHEDULE A

Payee

Description

Amount