

\$36,540,000
SUCCESSOR AGENCY TO THE
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
GARDEN GROVE COMMUNITY PROJECT
TAX ALLOCATION BONDS, ISSUE OF 2016

CERTIFICATE OF THE SUCCESSOR AGENCY REGARDING PARITY DEBT

The undersigned, hereby states and certifies that:

(1) he is the duly appointed, qualified and acting Director of the Successor Agency to the Garden Grove Agency for Community Development (the "Successor Agency"), a public body, corporate and politic, duly organized and existing under the laws of the State of California, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the Successor Agency;

(2) the Successor Agency has previously issued its \$38,810,000 Successor Agency to the Garden Grove Agency for Community Development Garden Grove Community Project Tax Allocation Refunding Bonds, Issue of 2014 (the "2014 Bonds"), pursuant to that certain Indenture of Trust dated as of June 1, 2014 (the "Indenture of Trust"), by and between the Successor Agency and U.S. Bank National Association, as Trustee;

(3) the above-captioned bonds (the "2016 Bonds") are being issued pursuant to that certain First Supplemental Indenture of Trust dated as of March 1, 2016 (the "First Supplemental Indenture," and together with the Indenture of Trust, the "Indenture"), by the Successor Agency on the date hereof, as Parity Debt under and as defined in the Indenture;

(4) in accordance with Section 3.4 of the Indenture and based on the report of HdL Coren & Cone. (the "Fiscal Consultant") attached hereto as Exhibit A-1, the Successor Agency hereby makes the following representations and warranties:

(i) The Successor Agency is in compliance with all covenants set forth in the Indenture of Trust and the 2008 Credit Agreement (unless such compliance is waived by Union Bank);

(ii) The Oversight Board has approved the issuance of the 2016 Bonds, if and to the extent required by the Dissolution Act;

(iii) The 2016 Bonds are on such terms and conditions as are set forth in a separate or Supplemental Indenture, specifically the First Supplemental Indenture which provides for (i) bonds or other obligations substantially in accordance with the Indenture of Trust such that the 2016 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 2016 Bonds are payable on the same basis as the 2008 Loan is payable and the parity payment provisions of the Indenture of Trust applicable to the 2008 Loan (including Sections 4.2, 4.3 and 4.4 of the Indenture of Trust) are made applicable thereto, and (ii) a separate reserve account deposit equal to the Reserve Requirement for the 2016 Bonds is required for

the issuance of the 2016 Bonds, which reserve deposit shall be funded in whole with a debt service reserve surety policy to be issued by BAM as set forth in the First Supplemental Indenture;

(iv) We have received a Report of an Independent Financial Consultant, attached hereto As Exhibit A-1, stating:

(A) 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);

(B) 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;

(C) For each future Fiscal Year, the Pledged Tax Revenues referred to in item (B) 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

(D) That for the then current Fiscal Year, the Pledged Tax Revenues referred to in item (B) and for each future Fiscal Year the Pledged Tax Revenues referred to in item (C) 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 (B) and for each future Fiscal Year the Pledged Tax Revenues referred to in item (C) 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; and

(v) 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.

(5) The “Other Payments” shown in the schedule attached to the Fiscal Consultant’s Certificate Regarding Parity Debt attached hereto are all other payments reasonable expected to be payable by the Successor Agency in accordance with Section 3.4(d)(i) of the Indenture of Trust.

(6) the First Supplemental Indenture of Trust provides that:

(a) interest on the 2016 Bonds is payable on April 1 and October 1 in each year of the term of the 2016 Bonds, except the first twelve month period, during which interest is payable on October 1;

(b) the principal of the 2016 Bonds is payable on October 1 in any year in which principal is payable;

(c) money has been deposited in the Reserve Account (or a subaccount of the Reserve Account) from the proceeds of the sale of the 2016 Bonds in an amount equal to 100% of the full amount of the Reserve Requirement, namely, Maximum Annual Debt Service on the Bonds, in the form of a Surety Bond;

(d) the aggregate amount of the principal of and interest on all Outstanding 2014 Bonds and 2016 Bonds coming due and payable following the issuance of the 2016 Bonds does not exceed the maximum amount of Tax Revenues permitted under the Plan Limitations to be allocated and paid to the Successor Agency following the issuance of the 2016 Bonds; and

(e) the Successor Agency has satisfied all of the requirements of Section 3.4 of the Indenture relating to the issuance of the 2016 Bonds as Parity Debt.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

Dated: March 17, 2016

SUCCESSOR AGENCY TO THE GARDEN
GROVE AGENCY FOR COMMUNITY
DEVELOPMENT

By: 
Director

EXHIBIT A-1

FISCAL CONSULTANT'S CERTIFICATE REGARDING PARITY DEBT

The undersigned, an authorized officer of HdL Coren & Cone (the "Fiscal Consultant"), acting as Fiscal Consultant to the Successor Agency to the Garden Grove Agency for Community Development (the "Successor Agency"), based on its review of the records of the Orange County Auditor-Controller, certifies as follows:

(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 that we have relied 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;

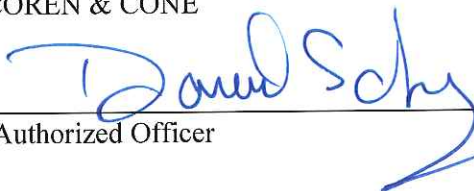
(iii) For each future Fiscal Year, the Pledged Tax Revenues referred to in item (ii) together with (a) the amount determined in accordance with Section 51(a) of the California Revenue and Taxation Code and (b) the amount of Pledged Tax Revenues to be payable with respect to construction completed but 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) 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.

Capitalized terms used herein and not defined shall have the meanings set forth in the certain Indenture of Trust dated as of June 1, 2014, as supplemented by that certain First Supplemental Indenture of Trust dated as of March 1, 2016, each by and between the Successor Agency and U.S. Bank National Association, as Trustee.

HdL COREN & CONE

By:


Authorized Officer

**Successor Agency to the Garden Grove Community Development Agency
Community Redevelopment Project - Merged**
2016 Tax Allocation Bonds
Parity Debt Test

	Pledged				Subordinate				Other		Net Tax		Coverage On All Obligations	
	Gross Tax Revenue	SB 2557 Charge	Senior Tax Sharing Payments	Pledged Tax Revenues	2014 TAB Debt Service	2016 TAB Debt Service	Union Bank Loan	Net of Parity Debt Service	Parity Oblig. MADS	Coverage On Parity Oblig. MADS	Pass Through Obligations	Payments		Revenues
1 2015-16	28,943,091	263,399	5,661,615	23,028,077	3,920,900	890,379	4,331,389	13,885,408	10,173,902	2.26	131,309	10,111,438	3,642,662	1.13
2 2016-17	30,586,935	267,791	6,547,524	23,771,619	3,923,000	1,652,250	4,253,465	13,942,904	10,173,902	2.34	132,827	11,946,242	1,863,835	1.07
3 2017-18	31,797,992	278,394	7,149,481	24,370,116	3,722,850	1,652,250	4,174,494	14,820,522	10,173,902	2.40	138,462	9,324,614	5,357,446	1.24
4 2018-19	32,477,509	284,344	7,472,045	24,721,120	3,932,650	3,552,250	4,095,524	15,040,697	10,173,902	2.43	143,874	9,420,623	5,476,200	1.25
5 2019-20	33,170,617	290,412	7,801,060	25,079,145	3,935,250	3,552,250	2,686,402	14,905,243	10,173,902	2.47	149,395	3,207,699	11,548,150	1.85
6 2020-21	33,877,586	296,601	8,136,656	25,444,329	3,933,450	3,551,250		17,959,629	7,486,000	3.40	155,025	2,841,081	14,963,523	2.43
7 2021-22	34,598,695	302,915	8,478,963	25,816,817	3,927,250	3,552,250		18,337,317	7,486,000	3.45	160,769	490,228	17,686,321	3.17
8 2022-23	35,334,227	309,354	8,828,117	26,196,756	3,931,500	3,554,500		18,710,756	7,486,000	3.50	166,627	487,832	18,056,296	3.22
9 2023-24	36,084,469	315,923	9,196,328	26,572,218	3,933,000	3,551,500		19,087,718	7,484,500	3.55	172,603	453,530	18,461,585	3.28
10 2024-25	36,849,715	322,623	9,571,903	26,955,190	2,391,500	3,553,250		21,010,440	5,944,750	4.53	178,698	450,251	20,381,491	4.10
11 2025-26	37,630,267	329,456	9,954,990	27,345,821	2,293,750	3,554,250		21,497,821	5,848,000	4.68	184,915	451,680	20,861,226	4.22
12 2026-27	38,163,607	334,126	10,266,027	27,563,455	1,851,000	3,554,250		22,158,205	5,405,250	5.10	191,256	452,517	21,514,431	4.56
13 2027-28	37,015,069	296,519	7,074,727	19,703,823	1,740,500	3,553,000		14,410,323	5,293,500	3.72	197,724	270,227	13,942,371	3.42
14 2028-29	26,237,779	229,714	6,929,350	19,078,714	1,711,500	3,555,250		13,811,964	5,266,750	3.62	204,322	270,632	13,337,011	3.32
15 2029-30	24,977,940	218,684	6,657,011	18,102,245		3,555,500		14,546,745	3,555,500	5.09	211,051	271,044	14,064,650	4.48
16 2030-31	25,534,727	223,559	6,917,495	18,393,673		3,553,500		14,840,173	3,554,000	5.18	217,915	271,465	14,350,792	4.55
17 2031-32	25,796,256	225,849	7,088,377	18,482,030		3,554,000		14,928,030	3,554,000	5.20	224,917	271,895	14,431,219	4.56
18 2032-33	10,473,938	91,700	2,074,244	8,307,994		3,553,500		4,754,494	3,553,500	2.34	232,058	0	4,522,436	2.19
	549,550,470	4,811,364	135,805,913	408,833,142	45,148,100	55,595,379	19,541,274	288,648,389	234,461,645		3,193,747	50,992,998	234,461,645	

Tax Allocation Bonds/Garden Grove 2015 TAB/Parity Test Table - ROPS Future Projections & Bond D-S Revised 3-14-2016(2)