

Regular Meeting Agenda August 28, 2013

Board Members

Mr. Ed Garcia, Chair
*Orange County Board of
Supervisors Representative*

Mr. James Harman, Vice Chair
*Orange County Board of
Supervisors Representative*

Mr. Craig Green
*City of Placentia Mayor's
Representative*

Mr. Troy Butzlaff, ICMA-CM
*Former Redevelopment Agency
of the City of Placentia
Employee's Representative*

Ms. Jayne Christakos
*County Superintendent of
Education Representative*

Mr. Al Shkoler
*Placentia Library District
Representative*

Mr. Rodrigo Garcia
*Chancellor of the California
Community College
Representative*

Staff

Ken Domer
Executive Director

Tania Moreno
Clerk of the Board

**City of Placentia
C/O Oversight Board
401 E Chapman Avenue
Placentia, CA 92870**

**Phone: (714) 993-8117
Fax: (714) 961-0283
Website: www.placentia.org**

Oversight Board of the Successor Agency to the Redevelopment Agency of the City Of Placentia

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In compliance with California Government Code § 54957.5, any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda that are not exempt from disclosure under the Public Records Act will be made available for public inspection at the Clerk of the Board's Office at City Hall, 401 East Chapman Avenue, Placentia, during normal business hours.

**OVERSIGHT BOARD
OF THE SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA
REGULAR MEETING AGENDA
August 28, 2013
4:00 p.m. – City Council Chambers
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER:

ROLL CALL: Chair Ed Garcia
Vice Chair Harman
Board Member Butzlaff
Board Member Rodrigo Garcia
Board Member Green
Board Member Shkoler
Board Member Christakos

PLEDGE OF ALLEGIANCE:

ORAL COMMUNICATIONS:

At this time, the public may address the Oversight Board concerning any agenda item or on matters within the jurisdiction of the Oversight Board.

1. PRESENTATIONS/ADMINISTRATIVE REPORTS

- a. Executive Director's Report

2. CONSENT CALENDAR:

a. **Minutes**

Recommended Action: It is recommended that the Oversight Board:

- 1) Approve the minutes of the May 8, 2013 Oversight Board Meeting

3. OLD BUSINESS: None

4. NEW BUSINESS: None

a. **Adoption of a Resolution Approving Successor Agency Action Approving Issuance of Tax Allocation Refunding Bonds and a Form of Indenture**

Recommended Action: It is recommended that the Oversight Board:

- 1) Adopt Resolution OB-2013-09, A Resolution of the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Placentia, California, approving the issuance and sale of 2013 Tax Allocation Refunding Bonds to refinance outstanding tax allocation bonds and notes of the former Redevelopment Agency of the City of Placentia, making certain findings and providing other matters relating thereto

b. **Adoption of a Resolution Approving Successor Agency Action to Enter into a Revised Lease Agreement for 132 E. Crowther Avenue in Order to Reduce the Annual Base Lease Thereby Increasing Residual Tax Increment Payments to Other Taxing Entities**

Recommended Action: It is recommended that the Oversight Board:

- 1) Adopt Resolution OB-2013-10, A Resolution of the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Placentia, California, approving Successor Agency action to enter into a revised lease agreement for 132 E. Crowther Avenue in order to reduce the annual base lease thereby increasing residual tax increment payments to other taxing entities

5. PUBLIC HEARING None

BOARD MEMBERS COMMENTS AND REQUESTS:

Board Members may make requests or ask questions of Staff. If a Board Member would like formal action on any item, it will be placed on a future Board Agenda.

ADJOURNMENT:

The Oversight Board will adjourn to September 11, 2013 at 4:00 p.m.

CERTIFICATION OF POSTING

I, Tania Moreno, Clerk of the Board, hereby certify that the Agenda for the August 28, 2013 meeting of the Oversight Board was posted on Thursday, August 22, 2013.

Tania Moreno, Clerk of the Board

**OVERSIGHT BOARD
OF THE SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA
REGULAR MEETING MINUTES
May 8, 2013
4:00 p.m. – City Council Chambers
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER: Vice Chair Harman called the meeting to order at 4:03 p.m.

ROLL CALL:

PRESENT: Board Member Butzlaff, Christakos, Green, Shkoler, Harman,
ABSENT: Board Member Rodrigo Garcia, Ed Garcia

PLEDGE OF ALLEGIANCE: Board Member Christakos

ORAL COMMUNICATIONS: None

1. PRESENTATIONS/ADMINISTRATIVE REPORTS

a. Executive Director's Report

Executive Director Domer noted that he met with the Department of Finance (DOF) in Sacramento last week in regards to the Due Diligence Review (DDR). He reported they discussed the Letter of Determination and Low and Moderate Income discrepancy.

Discussion ensued between Board and Staff. They discussed the time allowed to prepare the DDR, mistakes on the DDR, and ways to better prepare the City.

2. CONSENT CALENDAR:

a. **Minutes**

Recommended Action: It is recommended that the Oversight Board:

- 1) Approve the minutes of the April 10, 2013 Oversight Board Meeting
(4 – 0 – 1, Board member Butzlaff abstained)

Board Member Butzlaff informed the Clerk of the Board that there was a mistake on page one under presentations. The name Chair Green should be changed to Chair Ed Garcia.

Board Member Green had suggested using the word "refinanced" instead of using the word "refunded" on item 4.a. description.

A motion was made by Board Member Green, seconded by Board Member Shkoler, and carried (4 – 0 – 1) to approve the minutes, with the changes suggested, of the April 10, 2013.

3. OLD BUSINESS: None

4. NEW BUSINESS: None

5. PUBLIC HEARING

a. **Adoption of a Resolution Directing the Successor Agency to the Redevelopment Agency of the City of Placentia to Transfer Housing Assets to the City of Placentia as the Housing Successor Agency**

Recommended Action: It is recommended that the Oversight Board:

- 1) Open the Public Hearing, take testimony, and close the Public Hearing
- 2) Adopt Resolution OB-2013-09, A Resolution of the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Placentia, California, directing the

Successor Agency to transfer remaining housing assets as defined by California Health and Safety Code § 34176 (e) to the City of Placentia as the Housing Successor Agency
(5 – 0, as recommended)

Vice Chair Harman opened the public hearing at 4:23 p.m.

Executive Director Domer provided a brief overview of the proposed resolution. He noted that this was the result of the Low and Moderate Income Due Diligence Review. He noted that during the review the Department of Finance made several determinations on items the City continues to dispute. He gave an overview of each of the properties listed.

Discussion ensued between Board and Staff. They discussed the assets transfers with each of the properties.

Vice Chair Harman closed the public hearing at 4:39 p.m.

A motion was made by Board Member Green, seconded by Board Member Shkoler, and carried (5 – 0) to open the Public Hearing, take testimony, and close the Public Hearing; and adopt Resolution OB-2013-09, A Resolution of the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Placentia, California, directing the Successor Agency to transfer remaining housing assets as defined by California Health and Safety Code § 34176 (e) to the City of Placentia as the Housing Successor Agency.

BOARD MEMBERS COMMENTS AND REQUESTS:

A motion was made by Board Member Butzlaff, seconded by Board Member Shkoler, and carried (5 – 0) to adjourn the Oversight Board meeting.

ADJOURNMENT:

The Oversight Board adjourned to June 12, 2013 at 4:00 p.m.

ED GARCIA, AGENCY CHAIRPERSON

ATTEST:

TANIA A. MORENO, CLERK OF THE BOARD

Oversight Board

of the Successor Agency to the Redevelopment Agency of the City of Placentia

AGENDA REPORT

TO: BOARD MEMBERS

FROM: EXECUTIVE DIRECTOR

DATE: AUGUST 28, 2013

SUBJECT: **ADOPTION OF A RESOLUTION APPROVING SUCCESSOR AGENCY ACTION APPROVING ISSUANCE OF TAX ALLOCATION REFUNDING BONDS AND A FORM OF INDENTURE**

FISCAL
IMPACT: Savings of approximately \$700,000 over remaining life of the bonds

SUMMARY:

Starting in February 2013, the Successor Agency and the Oversight Board took the first steps required to refinance the former Redevelopment Agency's 2002 Tax Allocation Bonds and 2009 Subordinate Tax Allocation Notes. Both of these prior actions were submitted to and approved by the State Department of Finance (DOF). On August 20, 2013 the Successor Agency adopted a resolution approving the issuance of tax allocation refunding bonds and a form of indenture to continue this process and begin the final assembly of information relating to subsequent action by the Successor Agency approving the issuance. This action will adopt a resolution approving the Successor Agency action and approving the issuance of a Tax Allocation Refunding Bond and related matters.

RECOMMENDATION:

It is recommended that the Board take the following action:

1. Adopt Resolution OB-2013-09, A Resolution of the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Placentia, California, approving the issuance and sale of 2013 Tax Allocation Refunding Bonds to refinance outstanding tax allocation bonds and notes of the former Redevelopment Agency of the City of Placentia, making certain findings and providing other matters relating thereto

DISCUSSION:

In 2009, the former Redevelopment Agency issued \$6,850,000 in Tax Allocation Notes (Notes) to facilitate the purchase of property for parking related to the Metrolink Station. These Notes had a five (5) year maturity and were going to be refinanced over a longer period. Unfortunately, with the dissolution of the former Redevelopment Agency, the refinancing of the Notes has become much more difficult. The former Redevelopment Agency also has two (2) series of tax allocation bonds issued in 2002. Assembly Bill 1484, which clarified and expanded upon the original Assembly Bill 26x1 (Dissolution Act) authorized refinancing of the former Redevelopment Agency debt, including the 2009 Notes and the 2002 Bonds, under specific conditions. This refinancing meets those conditions.

In February 2013, the Successor Agency took the first step required under the Dissolution Act for refinancing these obligations. Following that action, the Oversight Board directed the Successor Agency to prepare

documentation required for the refinancing. This step ensured that the Successor Agency's staff costs relating to the refinancing could be recovered from the financing. The Department of Finance (DOF) reviewed the Oversight Board action and authorized the Successor Agency to proceed with refinancing so long as the requirements of California Health and Safety Code (HSC) §§ 34177.5(a)(1) and 34177.5(a)(2) are ultimately met when the refunding bonds are sold. For the 2002 Bonds, the total debt service on the refunded bonds must be less than the total remaining debt service on the bonds being refunded and for the 2009 Notes, the existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, and the principal amount of the bonds or other indebtedness shall not exceed the amount required to finance the debt service spikes, including establishing customary debt service reserves and paying related costs of issuance.

The 2002 Bonds of the former Redevelopment Agency can be issued at lower rates than the existing bonds, and provide debt service savings to the Successor Agency. These savings will increase the amount of "residual" property tax (or tax increment) available to be redistributed to other taxing agencies under HSC § 34183.

The current outstanding amount of the 2002 Series A Bonds is \$2,445,000, and they bear interest at an average rate of 5.85%. The current outstanding amount of the 2002 Series B Bonds is \$3,670,000, and they bear interest at an average rate of 5.75%. Both series of bonds mature in 2032. The current outstanding amount of the 2009 Notes is \$6,850,000 and that amount is currently due in a balloon payment on February 1, 2014. Staff anticipates that the total amount of bonds to be issued to refinance all three series would be approximately \$14,500,000, and that the debt service would be substantially level, in accordance with the requirements of HSC § 34177.5(a)(2).

After the refinancing of the 2002 Bonds and the 2009 Notes at an average interest rate of 4.75%, the Successor Agency would reduce the requested funding from the Redevelopment Property Tax Trust Fund for debt service by an estimated \$40,000 annually for the 2002 Bonds (an approximate 7% reduction), generating more residual balance available to the City and to other taxing entities in furtherance of the goals of redevelopment agency dissolution. The actual savings will only be locked in when the bonds are sold later this year and may change if interest rates increase or decrease.

Staff chose Southwest Securities, Inc. to underwrite the Bonds. The underwriter was selected through a Request for Proposal process in which Southwest Securities submitted the lowest cost per bond. Of note, Southwest Securities completed the first three (3) refundings of tax allocation bonds allowed under the Dissolution Act (and as of July 2013 only four (4) refundings have been sold). They have developed an investor base for tax allocation bonds issued under the Dissolution Act and have assisted other successor agencies with the credit rating process and related cash flow issues. The addition of Southwest Securities to the financing team at this time will ensure a successful sale of the bonds.

This current recommended action for approval of issuance of the bonds in an amount not to exceed \$14,500,000 and a form of an indenture of trust that will describe the security for the bonds is the next step in the refinancing process under the Dissolution Act. The Successor Agency approved the action at their August 20, 2013 meeting and the Oversight Board is now asked to consider a similar resolution. The two actions will be submitted for review to the DOF, and the DOF has 60 days to respond. The proposed action also allows the Successor Agency to eliminate either series of the 2002 Bonds from the refinancing (without further DOF approval) in the event that interest rates increase dramatically prior to sale, resulting in an elimination of any savings.

The final action in the bond issuance process will be recommended to the Successor Agency at the time that DOF responds with their approval of the refinancing, and would include approval by the Successor Agency of

the other financing documents needed to complete the sale of the Bonds. This includes approval of a form of Preliminary Official Statement describing the Bonds for investors and a form of Bond Purchase Contract with the Underwriter.

After this action, per State law, no Oversight Board action will be required to approve the final step to be taken by the Successor Agency. During the review time allowed the DOF, staff and the bond consultants will submit the financing to Standard & Poor's for a credit rating, so that as soon as the DOF responds, the Successor Agency will be prepared to market the Bonds.

Refunding the 2002 Bonds and reducing the cost of debt service is consistent with the goals and objectives of the Dissolution Act. It has the effect of:

- Reducing the costs of the Successor Agency;
- Retiring enforceable obligations more quickly; and
- Generating additional funds to all the taxing entities immediately.

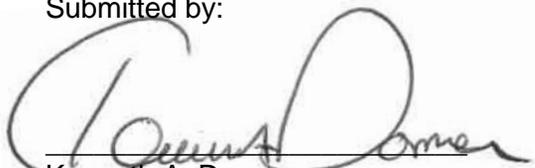
Refunding the 2009 Notes over a longer period of time will prevent the Successor Agency from a default when the Notes come due in full in February 2014.

The process for refinancing started in February and includes the scheduling of this action as well as future Successor Agency action and the maximum review periods by the DOF. This schedule will have staff returning to the Successor Agency in November for final document approval with a sale projected in late November and closing in December, well in advance of the February 1, 2014 maturity date of the 2009 Notes.

FISCAL IMPACT:

As a result of refinancing the 2002 Bonds, the increase in the residual property tax (or tax increment) that will be distributed to all the taxing entities (including the City) will increase by approximately \$700,000 over the remaining 19 years that the 2002 Bonds are outstanding. The refinancing of the 2009 Notes will prevent a default given the lack of capacity to pay the \$6,850,000 balloon payment due February 1, 2014. The successful refunding will result in an approximate \$623,000 annual, fully amortized debt service payment until the end of the bonds in 2032.

Submitted by:



Kenneth A. Domer
Executive Director

Attachments:

Resolution OB-2013-09
Form of Indenture (DRAFT)

RESOLUTION NO. OB-2013-09

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA, CALIFORNIA, APPROVING THE ISSUANCE AND SALE OF 2013 TAX ALLOCATION REFUNDING BONDS TO REFINANCE OUTSTANDING TAX ALLOCATION BONDS AND NOTES OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA, MAKING CERTAIN FINDINGS AND PROVIDING OTHER MATTERS RELATING THERETO.

A. Recitals.

(i) Pursuant to Section 34172(a) of the California Health and Safety Code (the "Code"), the Placentia Redevelopment Agency (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173 of the Code, the City Council of the City of Placentia has elected to serve as the successor entity to the Agency (the "Successor Agency").

(ii) In order to provide financing for the Placentia Redevelopment Project (the "Redevelopment Project"), the Former Agency has issued the following bonds and notes:

- (a) the Redevelopment Agency of the City of Placentia Housing Set-Aside Tax Allocation Bonds, 2002 Series A, in the aggregate original principal amount of \$3,100,000 (the "2002 Series A Bonds"),
- (b) the Redevelopment Agency of the City of Placentia Tax Allocation Bonds, 2002 Series B, in the aggregate original principal amount of \$4,655,000 (the "2002 Series B Bonds"), and
- (c) the 2009 Subordinate Tax Allocation Notes in the aggregate original principal amount of \$6,850,000 (the "2009 Notes").

(iii) Section 34177.5 of the Code authorizes the Successor Agency to issue its bonds under Article 11 (commencing with §53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Bond Law") for the purpose of refunding outstanding notes, bonds and other obligations of the Former Agency, subject to the conditions precedent contained in Section 34177.5 of the Code.

(iv) As provided in Section 34177.5(a)(1) of the Code, the 2002 Series A Bonds and the 2002 Series B Bonds (collectively, the "2002 Bonds") are authorized to be refunded if the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds does not exceed the total remaining interest cost to maturity on the 2002 Bonds to be refunded plus the remaining principal of the 2002 Bonds (the "Minimum Savings Threshold").

(v) The 2009 Notes mature in full on February 1, 2014, and as provided in Section 34177.5(a)(2) of the Code, the 2009 Notes are authorized to be refunded in order to finance debt service spikes, including balloon maturities, provided that (a) the existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, and (b) the principal amount of the refunding bonds does not exceed the amount required to finance the debt service spikes, including establishing customary debt service reserves and paying related costs of issuance.

(vi) Pursuant to Section 34179 of the Code, an oversight board (the "Oversight Board") has been established for the Successor Agency and has previously adopted its resolution directing the Successor Agency to undertake proceedings for the refunding of the 2002 Bonds and the 2009 Notes, and the California Department of Finance has approved such direction by the Oversight Board.

(vii) The Successor Agency has adopted its Resolution on August 20, 2013 (the "Authorizing Resolution") authorizing the issuance of its Successor Agency To The Redevelopment Agency of the City of Placentia, Placentia Redevelopment Project 2013 Tax Allocation Refunding Bonds, under the Refunding Bond Law and Section 34177.5 of the Code in the aggregate principal amount of not to exceed \$14,500,000 (the "Refunding Bonds"), for the purpose of providing funds to refinance the 2002 Bonds and the 2009 Notes in whole or in part under an Indenture of Trust which has been approved by the Authorizing Resolution and which is on file with the Secretary of the Oversight Board (the "Indenture"), and the Successor Agency has requested the Oversight Board to approve the issuance and sale of the Refunding Bonds by the Successor Agency as provided in the Authorizing Resolution and the Indenture.

(viii) The Successor Agency has further requested that the Oversight Board also make certain determinations described below on which the Successor Agency will rely in its issuance and sale of the Refunding Bonds.

(ix) All legal prerequisites to the adoption of this Resolution have occurred.

B. Resolution.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Placentia hereby finds, determines and resolves as follows:

1. In all respects as set forth in the Recitals, Part A., of this Resolution.

2. Approval of Issuance and Sale of Refunding Bonds. The Oversight Board hereby approves the issuance and sale of the Refunding

Bonds as provided in the Authorizing Resolution and the Indenture. As provided in the Authorizing Resolution, the Refunding Bonds shall bear interest at such rates and shall be sold at such a price so as to achieve the Minimum Savings Threshold in the case of the refunding of the 2002 Bonds and so as to finance debt service spikes in the case of the refunding of the 2009 Notes. The sale of the Refunding Bonds by the Successor Agency to Southwest Securities, Inc., as underwriter, is hereby approved.

3. Determinations by the Oversight Board. The Oversight Board hereby makes the following determinations upon which the Successor Agency may rely in its issuance of the Refunding Bonds:

- (a) As provided in §34177.5(f) of the Code, the Successor Agency is authorized to recover its costs incurred in connection with the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the Successor Agency or the City of Placentia for administrative staff time with respect to the authorization, issuance, sale and delivery of the Refunding Bonds. Such cost recovery shall be authorized whether or not the Refunding Bonds are issued by the Successor Agency.
- (b) The authorization and sale of the Refunding Bonds, and the application of proceeds thereof to the refunding in whole or in part of the 2002 Bonds and the 2009 Notes and the payment of costs of issuance, as provided in the Indenture and authorized by §34177.5(a) of the Code, shall be implemented by the Successor Agency, notwithstanding the provisions of §34177.3 of the Code or any other provision of law to the contrary, without the requirement for further approval from the Oversight Board, the California Department of Finance, the Orange County Auditor-Controller or any other person or entity other than the Successor Agency.
- (c) The Successor Agency shall enter the amounts of the final debt service determined upon sale and delivery of the Refunding Bonds into Appendix C - Recognized Obligation Debt Service Schedule attached to the Indenture and the amounts so entered shall be final and conclusive upon the Oversight Board, the California Department of Finance and all other interested persons and entities and the Recognized Obligation Debt Service Schedule shall not be amended except as provided in the Indenture.
- (d) The Successor Agency shall be entitled to receive its full allocation of Administrative Cost Allowance under §34181(a)(3) of the Code without any deductions with respect to continuing costs related to the Refunding

Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to §34183 of the Code.

4. Effective Date. This Resolution shall become effective in accordance with Section 34181(f) of the Code.

PASSED AND ADOPTED this 28th day of August, 2013.

ED GARCIA, CHAIRPERSON

ATTEST:

TANIA A. MORENO, CLERK OF THE BOARD

STATE OF CALIFORNIA
COUNTY OF ORANGE

I, Tania A. Moreno, Clerk of the Board of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Placentia, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the Oversight Board held on the 28th day of August, 2013, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

TANIA A. MORENO, CLERK OF THE BOARD

INDENTURE OF TRUST

Dated as of November 1, 2013

between the

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA**

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Relating to

\$ _____

**Successor Agency To The
Redevelopment Agency of the City of Placentia
Placentia Redevelopment Project
2013 Tax Allocation Refunding Bonds**

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DRAFT

INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture"), dated as of November 1, 2013, is between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA, a public entity duly organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

BACKGROUND:

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

2. Under the Redevelopment Law, the Former Agency and the City Council of the City of Placentia have previously adopted a redevelopment plan for the Placentia Redevelopment Project (the "Redevelopment Project"), a duly designated redevelopment project in the City of Placentia.

3. In order to provide financing for the Redevelopment Project, the Former Agency has previously issued the following notes and bonds which are payable from tax increment revenues derived from the Redevelopment Project:

- (a) Redevelopment Agency of the City of Placentia Housing Set-Aside Tax Allocation Bonds, 2002 Series A, in the aggregate original principal amount of \$3,100,000 (the "2002 Series A Bonds");
- (b) Redevelopment Agency of the City of Placentia Tax Allocation Bonds, 2002 Series B, in the aggregate original principal amount of \$4,655,000 (the "2002 Series B Bonds"); and
- (c) Placentia Redevelopment Agency 2009 Subordinate Tax Allocation Notes in the aggregate original principal amount of \$6,850,000 (the "2009 Notes").

4. Assembly Bill X1 26, effective June 29, 2011 (the "Dissolution Act"), resulted in the dissolution of the Former Agency as of December 1, 2012, and the vesting in the Successor Agency of all of the authority, rights, powers, duties and obligations of the Former Agency.

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

6. The Successor Agency has authorized the issuance of its Successor Agency To The Redevelopment Agency of the City of Placentia, Placentia Redevelopment Project 2013 Tax Allocation Refunding Bonds in the aggregate principal amount of \$_____ (the "Bonds") for the purpose of achieving debt service savings with respect to the refunding of the 2002 Series A Bonds and the 2002 Series B Bonds and for the purpose of financing debt service spikes with respect to the refunding of the 2009 Notes.

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

AGREEMENT:

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

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

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

SECTION 1.02. *Authorization.* Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

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

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

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS

SECTION 2.01. *Authorization and Purpose of Bonds.* The Successor Agency has reviewed all proceedings heretofore taken and as a result of such review has found, and hereby finds and determines, that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The Successor Agency hereby authorizes the issuance of the Bonds under the Refunding Bond Law, for the purpose of providing funds to refinance the 2002 Series A Bonds, the 2002 Series B Bonds and the 2009 Notes. The Bonds shall be designated the "Successor Agency To The Redevelopment Agency of the City of Placentia, Placentia Redevelopment Project 2013 Tax Allocation Refunding Bonds" and shall be issued in the aggregate principal amount of \$_____.

SECTION 2.02. *Terms of the Bonds.* The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated as of the Closing Date, and shall mature on August 1 in the years and in the respective principal amounts and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the respective rates per annum, as set forth in the following table:

Maturity Date
(August 1)

Principal
Amount

Interest
Rate

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

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

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

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the

United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

SECTION 2.03. *Redemption of Bonds.*

(a) Optional Redemption. The Bonds maturing on or before August 1, 20__, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after August 1, 20__, are subject to redemption in whole, or in part at the Request of the Successor Agency among maturities on such basis as shall be designated by the Successor Agency and by lot within a maturity, at the option of the Successor Agency, on any date on or after August 1, 20__, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

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

(b) Mandatory Sinking Fund Redemption of Term Bonds. The Term Bonds are also subject to redemption in part by lot, on August 1 in each of the years as set forth in the following tables, from deposits made for such purpose under Section 4.03(b), 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 under the succeeding 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 Term Bonds of any maturity have been redeemed under subsection (a) above, the total amount of all future payments under this subsection (b) with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

| Sinking Fund Redemption Date <u>(August 1)</u> | Principal Amount <u>To Be Redeemed</u> |
|--|---|
|--|---|

In lieu of redemption of the Term Bonds under the preceding paragraph, amounts on deposit in the Debt Service Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account under Section 4.03 during the current Bond Year) may also be used and withdrawn by the Successor Agency at any time for the purchase of such Term Bonds 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 such

Term Bonds so purchased by the Successor Agency in any twelve-month period ending on June 15 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed under this subsection (b) on the next succeeding August 1.

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

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

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

(f) Partial Redemption of a Bond. If only a portion of a Bond is called for redemption, then upon surrender of such Bond the Successor Agency will execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(g) Effect of Redemption. If notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, from and after the date fixed for redemption such Bonds shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. Unless otherwise directed in writing by the Successor Agency, the Trustee shall cancel and destroy all Bonds redeemed under this Section.

SECTION 2.04. *Book Entry System.*

(a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which is registered in the name of the Nominee, the Successor Agency and the Trustee have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Successor Agency and the Trustee have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Successor Agency elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Successor Agency to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the Successor Agency of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Successor Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Successor Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter in no way limits the provisions of subsection (a) above or in any other way imposes upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Successor Agency may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Successor Agency determines to terminate the Depository as such, then the Successor Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Successor Agency and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Successor Agency fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

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

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.05. *Form and Execution of Bonds*. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. The Bonds, the form of Trustee's certificate

of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

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

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

SECTION 2.06. *Transfer and Exchange of Bonds.*

(a) Transfer. A Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of that Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds are surrendered for transfer, the Successor Agency will execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Successor Agency will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Successor Agency will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

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

SECTION 2.07. *Registration Books.* The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Bonds, which must at all times during normal business hours, and upon reasonable notice, be open to inspection by the Bond Insurer and the Successor Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it

may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as hereinbefore provided. Upon the occurrence of an Event of Default which requires the Bond Insurer to make payments under the Bond Insurance Policy, the Bond Insurer and any designated agent thereof shall have access to the Registration Books

SECTION 2.08. *Bonds Mutilated, Lost, Destroyed or Stolen.* If a Bond is mutilated, the Successor Agency, at the expense of the Owner of that Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to or upon the order of the Successor Agency. If a Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and if indemnity satisfactory to the Trustee is given, the Successor Agency, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

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

ARTICLE III

DEPOSIT AND APPLICATION OF BOND PROCEEDS

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

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

- (a) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund.

- (b) [if applicable:] The Trustee shall deposit the amount of _____ in the Reserve Account, constituting the full amount of the Reserve Requirement.
- (c) The Trustee shall transfer the amount of _____ to the Prior Bonds Trustee, for deposit and application in accordance with the Refunding Instructions for the purpose of refunding the 2002 Series A Bonds, the 2002 Series B Bonds and the 2009 Notes.

SECTION 3.03. *Costs of Issuance Fund.* There is hereby established a separate fund to be known as the "Costs of Issuance Fund", which the Trustee shall hold in trust. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the Successor Agency stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the Agency; in each case together with a statement or invoice for each amount requested thereunder. On February 1, 2014, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Debt Service Fund.

SECTION 3.04. *Refunding and Defeasance of Prior Debt.* The Successor Agency hereby covenants that as a result of the deposit and application of the proceeds of the Bonds under the Refunding Instructions, the 2002 Series A Bonds, the 2002 Series B Bonds and the 2009 Notes will be refunded and defeased on the Closing Date under and in accordance with the documents authorizing the issuance thereof, and the 2002 Series A Bonds, the 2002 Series B Bonds and the 2009 Notes will cease to be secured by and payable from the Tax Revenues.

ARTICLE IV

SECURITY FOR THE BONDS; FLOW OF FUNDS; INVESTMENTS

SECTION 4.01. *Security of Bonds; Equal Security.* For the security of the Bonds, the Successor Agency hereby grants a first pledge of and lien on all of the Tax Revenues and all of the moneys on deposit in the Redevelopment Obligation Retirement Fund. Such pledge and lien are for the equal security of the Bonds and any other Senior Lien Debt without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. In addition, the Bonds and any other Senior Lien Debt shall be secured by a first pledge of 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. Except for the Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, this Indenture constitutes a contract between the Successor Agency and the Owners from time to time of the Bonds and any other Senior Lien Debt, and the covenants and agreements herein set forth to be performed on behalf of the Successor

Agency are for the equal and proportionate benefit, security and protection of all Owners of the Bonds and any other Senior Lien Debt without preference, priority or distinction as to security or otherwise of any of the Bonds and any other Senior Lien Debt over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

SECTION 4.02. *Deposit and Application of Tax Revenues.* The Successor Agency has heretofore established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law, which the Successor Agency shall continue to hold so long as any of the Bonds remain Outstanding.

The Successor Agency shall deposit all of the Tax Revenues received in any Bond Year into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. If the amounts on deposit in the Redevelopment Obligation Retirement Fund are at any time insufficient to enable the Successor Agency to make transfers as required hereunder to pay the principal of and interest on all outstanding Senior Lien Debt in full when due, or to replenish the Reserve Account and the reserve accounts established for the outstanding Senior Lien Debt other than the Bonds, the Successor Agency shall make such transfers on a pro rata basis, without preference or priority among all outstanding Senior Lien Debt.

All Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to be deposited in the Redevelopment Obligation Retirement Fund during such Bond Year under the preceding paragraph of this Section, and to the extent not required to restore the required balance in the Reserve Account and in the reserve accounts established for other outstanding Senior Lien Debt, shall be released from the pledge and lien hereunder for the security of the Bonds and may be applied by the Successor Agency for any lawful purposes of the Successor Agency.

The provisions of this Section are subject in all respects to the provisions of the Dissolution Act and other provisions of the Redevelopment Law relating to the deposit and application of the Tax Revenues for the payment of the principal of and interest on the Senior Lien Debt.

SECTION 4.03. *Debt Service Fund; Transfer of Amounts to Trustee.* The Trustee shall establish the Debt Service Fund as a special trust fund, which the Trustee shall hold in trust so long as any of the Bonds remain Outstanding. In addition to the transfers required to be made from the Redevelopment Obligation Retirement Fund for the payment of principal of and interest and premium (if any) on other Senior Lien Debt, the Successor Agency shall transfer amounts on deposit in the Redevelopment Obligation Retirement Fund to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are hereby established with the Trustee, in the following order of priority:

- (a) Interest Account. On or before the 5th Business Day preceding each date on which interest on the Bonds is due and payable, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then

on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on such date. The Trustee shall apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

- (b) Principal Account. On or before the 5th Business Day preceding each date on which principal of the Bonds is due and payable, either at maturity or upon the mandatory sinking fund redemption thereof, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on such date on the Outstanding Bonds. The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity and upon mandatory sinking fund redemption under Section 2.03(b).
- (c) Reserve Account. If the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency and the Bond Insurer of such fact. Upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in such order of priority, on any date which the principal of or interest on the Bonds becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the Bonds then Outstanding. So long as no Event of Default has occurred and is continuing, any amount in the Reserve Account in excess of the Reserve Requirement on or before the sixth Business Day preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account.
- (d) Redemption Account. On or before the 5th Business Day preceding any date on which Bonds are subject to optional redemption under Section 2.03(a), the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be so redeemed on such date. The Trustee shall apply amounts in the Redemption Account solely for the purpose of paying the principal of and premium, if any, on the Bonds upon the optional redemption thereof under Section 2.03(a), on the date set for such redemption.

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

If the Reserve Requirement is maintained in the Reserve Account at any time in the form of a combination of cash and the Reserve Account Surety Bond, the Trustee shall apply the amount of such cash to make any payment required to be made from the Reserve Account before the Trustee draws any moneys under the Reserve Account Surety Bond for that purpose. If the Trustee at any time draws funds under the Reserve Account Surety Bond to make any payment then required to be made from the Reserve Account, the Tax Revenues thereafter received by the Trustee, to the extent remaining after making provision for payment of principal of or interest on the Bonds then due and payable, must be used *first* to reinstate the Reserve Account Surety Bond (including the amount drawn thereunder and including accrued interest on such draw at the rate set forth in the Reserve Account Surety Bond, which the Successor Agency shall calculate or cause to be calculated by the provider of the Reserve Account Surety Bond) and *second*, to replenish the amount of cash in the Reserve Account. It shall be the responsibility of the Trustee to maintain adequate records, as to the amount available to be drawn at any time under the Reserve Account Surety Bond and as to the amounts paid and owing to the Bond Insurer under the terms of the Reserve Account Surety Bond.

SECTION 4.05. *Investment of Moneys in Funds.* The Trustee shall invest moneys in any of the funds established and held by the Trustee hereunder in Permitted Investments specified in the Request of the Successor Agency (which Request will be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two Business Days in advance of the making of such investments. In the absence of any such direction from the Successor Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (d) of the definition thereof. The Successor Agency will invest moneys in the Redevelopment Obligation Retirement Fund in any obligations in which the Successor Agency is legally authorized to invest funds within its control, including but not limited to the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture any moneys are required to be transferred by the Successor Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be retained in the respective fund or account from which such investment was made; *provided, however*, that all interest or gain from the

investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the Successor Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made under this Section.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic transaction statements which include detail for all investment transactions made by the Trustee hereunder.

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

SECTION 4.06. *Valuation and Disposition of Investments.*

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

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

(c) Except as provided in the proceeding subsection (b), for the purpose of determining the amount in any fund, the Trustee shall value Permitted Investments credited to such fund at least annually at the Fair Market Value thereof. The Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system. If and as directed by the Successor Agency in writing, the Trustee shall sell or present for redemption any Permitted Investment so purchased by the Trustee whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee has no liability or responsibility for any loss resulting therefrom.

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

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

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

SECTION 5.02. *Compliance with the Dissolution Act; Recognized Obligation Payment Schedules.* The Successor Agency shall comply with all of the requirements of the Dissolution Act. The Successor Agency shall take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules so as to enable the Orange County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor Agency to pay timely principal of, and interest on, all outstanding Senior Lien Debt coming due in such Bond Year, including the inclusion on the applicable Recognized Obligation Schedule of the amounts set forth in Appendix C hereto.

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

SECTION 5.04. *Payment of Claims.* The Successor Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant hereto, or which might impair the security of the Bonds. Nothing herein requires the Successor Agency to make any such payment so long as the Successor Agency in good faith contests the validity of said claims.

SECTION 5.05. *Books and Accounts; Financial Statements; Additional Information.* The Successor Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the City, in which complete and correct entries are made of all transactions relating to the Tax Revenues, the Redevelopment Obligation Retirement Fund. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect), the Bond Insurer and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared annually, within 210 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements from the Redevelopment Obligation Retirement Fund, and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. Such financial statements may be combined with or otherwise be a part of the financial statements which are prepared for the City. The Successor Agency will furnish a copy of such statements to the Bond Insurer and, upon reasonable request, to any Bond Owner. The Trustee has no duty to review any such financial statement.

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

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

SECTION 5.08. *Compliance with the Redevelopment Law; Maintenance of Tax Revenues.* In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final non-appealable judicial decision to be invalid and, in place of the invalid provisions, provisions of the Redevelopment Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of

the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of amounts payable by the State of California, appropriate officials of the State of California. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final appealable judicial decision to be invalid and neither provisions of the Redevelopment Law nor the equivalent replace the invalid provisions, then an Event of Default shall be deemed to have occurred and the remedies upon an Event of Default contained herein shall apply.

SECTION 5.09. *Limitation on Additional Indebtedness.* The Successor Agency hereby covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues; *provided, however,* that the Successor Agency may issue and sell refunding bonds payable from Tax Revenues on a parity with Outstanding Bonds for the purpose of refunding the Bonds or any other issue of Senior Lien Debt, if (a) annual debt service on such refunding bonds is lower than annual debt service on the Senior Lien Debt being refunded during every year they will be Outstanding and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Senior Lien Debt being refunded.

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

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

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

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

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

(e) Rebate of Excess Investment Earnings. The Successor Agency shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The Successor Agency shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made

from any source of legally available funds of the Successor Agency. The Successor Agency shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e).

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

SECTION 5.11. *Continuing Disclosure.* The Successor Agency will comply with and carry out all of the provisions of the Continuing Disclosure Certificate which has been executed and delivered by the Successor Agency on the Closing Date. Notwithstanding any other provision hereof, failure of the Successor Agency to comply with such Continuing Disclosure Certificate does not constitute an Event of Default hereunder; *provided, however,* that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under this Section.

SECTION 5.12. *Compliance with Senior Lien Debt Documents.* The Successor Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all Senior Lien Debt, in strict conformity with the terms of the respective documents authorizing the issuance thereof. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of the respective documents authorizing the issuance of outstanding Senior Lien Debt.

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

ARTICLE VI

THE TRUSTEE

SECTION 6.01. *Duties, Immunities and Liabilities of Trustee.*

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

(b) The Successor Agency may remove the Trustee at any time, and shall remove the Trustee (i) if at any time requested to do so by the Bond Insurer or by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or becomes incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of 30 days written notice of such removal by the Successor Agency to the Trustee, whereupon in the case of the Trustee, the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency, and by giving notice of such resignation by first class mail, postage prepaid, to the Bond Insurer and to the Bond Owners at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, the Bond Insurer or any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Bond Insurer, to each rating agency which then maintains a rating on the Bonds, and to the Owners at the addresses shown on the

Registration Books. If the Successor Agency fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

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

If such bank or company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in subsection (c) of this Section.

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

SECTION 6.02. *Merger or Consolidation.* Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 6.03. *Liability of Trustee.*

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee assumes no responsibility for the correctness of the same, nor does it have any liability whatsoever therefor, nor does it make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor does it incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee is, however, responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee is not liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may

engage in or be entrusted in any financial or other transaction with the Successor Agency.

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

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

(d) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the Successor Agency's payment of principal and interest on the Bonds, the Successor Agency's observance or performance of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, the Trustee is not responsible for reviewing the contents of any financial statements furnished to the Trustee under Section 5.06 and may rely conclusively on the Certificate of the Successor Agency 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 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).

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

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

(g) The Trustee has no responsibility or liability whatsoever with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, nor shall the Trustee have any obligation to review any such material, and any such review by the

Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

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

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

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

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

SECTION 6.04. *Right to Rely on Documents.* The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the Successor Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

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

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

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

SECTION 6.06. *Compensation and Indemnification.* Absent any agreement to the contrary, the Successor Agency will pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the

performance of its powers and duties under this Indenture. The Trustee has a first lien on the Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII. Any such expenses incurred by the Trustee shall be deemed to constitute a substantial contribution to the trust estate which secures the Bonds.

The Successor Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities, whether or not litigated, which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

SECTION 6.07. *Accounting Records and Financial Statements.* The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries are made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee under this Indenture. Such books of record and account shall be available for inspection by the Successor Agency and the Bond Insurer at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least semiannually, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee under this Indenture.

SECTION 6.08. *Rights Under Bond Insurance Policy.* So long as the Bond Insurance Policy remains in force and effect, the Trustee shall comply with all of the provisions thereof which are required to be complied with to ensure timely payment of the principal of and interest on the Bonds when due, including without limitation the following: [to be provided by the Bond Insurer].

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 7.01. *Amendments Permitted.*

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

- (i) extend the maturity of a Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Successor Agency to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of that Bond;
- (ii) permit the creation by the Successor Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds, or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification; or
- (iii) modify any of the rights or obligations of the Trustee without its written consent.

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

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

- (iii) to amend any provision hereof to assure the exclusion from gross income of interest on the Bonds for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee.

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

SECTION 7.02. *Effect of Supplemental Indenture.* From and after the time any Supplemental Indenture becomes effective under this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 7.03. *Endorsement or Replacement of Bonds After Amendment.* After the effective date of any amendment or modification hereof under this Article VII, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency the Owners of such Bonds shall present such Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the Successor Agency the Owners of the Bonds shall present such Bonds for exchange at the Office of the Trustee without cost to such Owners.

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

SECTION 7.05. *Trustee's Reliance.* The Trustee may conclusively rely, and is protected in relying, upon a Certificate of the Successor Agency and an opinion of Bond Counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Bond Owners.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

Immediately upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall give notice of such Event of Default to the Successor Agency and to

the Bond Insurer by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable under the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at an interest rate of 10% per annum, and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, and with the consent of the Bond Insurer (if it has not failed to comply with its payment obligations under the Bond Insurance Policy), rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 8.02. *Notice of Event of Default.* 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 must also state whether the principal of the Bonds has been declared to be or have immediately become due and payable as provided in Section 8.01. With respect to any Event of Default described in Section 8.01(a) or (b), the Trustee shall, and with respect to any Event of Default described in Section 8.01(c) the Trustee in its sole discretion may, also give such notice to the Bond Owners in the same manner as provided herein for notices of redemption of the Bonds, which must include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under Section 8.01 (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

SECTION 8.03. *Application of Funds Upon Event of Default.* All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the occurrence of an Event of Default, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order or priority:

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

SECTION 8.04. *Power of Trustee to Control Proceedings.* If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties hereunder, whether upon its own discretion, with the consent or at the request of the Bond Insurer or the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action. The Trustee may not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

SECTION 8.05. *Limitation on Owners' Right to Sue.* No Owner of a Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless:

- (a) said Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;

- (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

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

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

SECTION 8.06. *Non-waiver.* Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, affects or impairs the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the Bond Owners when due and payable as herein provided, or affects or impairs the right of action, which is also absolute and unconditional, of the Bond Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by the Bond Insurer or by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Bond Insurer or 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 Bond Insurer and upon the Owners by the Redevelopment Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bond Insurer and the Owners.

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

SECTION 8.07. *Actions by Trustee as Attorney-in-Fact.* Any suit, action or proceeding which any Owner has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and

all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI. Notwithstanding the foregoing provisions of this Section, the Trustee has no duty to enforce any such right or remedy unless it has been indemnified to its satisfaction for any additional fees, charges and expenses of the Trustee related thereto, including without limitation, fees and charges of its attorneys and advisors.

SECTION 8.08. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

SECTION 8.08. *Rights of the Bond Insurer.* Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Bond Insurer is entitled to control and direct the enforcement of all rights and remedies granted hereunder to the Bond Owners, or to the Trustee for the benefit of the Bond Owners, including but not limited to rights and remedies granted under Section 8.01 and including but not limited to the right to approve all waivers of any Events of Default. The rights granted to the Bond Insurer hereunder shall be deemed terminated and may not be exercisable by the Bond Insurer during any period during which the Bond Insurer is in default under the Bond Insurance Policy.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. *Benefits Limited to Parties.* Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, the Bond Insurer and the Owners, any right, remedy, claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee, the Bond Insurer and the Owners. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency, the Bond Insurer or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency, the Bond Insurer or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 9.02. *Successor is Deemed Included in All References to Predecessor.* Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee binds and inures to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 9.03. *Defeasance of Bonds.* If the Successor Agency pays and discharges the entire indebtedness on any Bonds in any one or more of the following ways:

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

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

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

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

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

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

SECTION 9.04. *Execution of Documents and Proof of Ownership by Owners.* Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

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

The ownership of Bonds and the amount, maturity, number and date of ownership thereof are conclusively proved by the Registration Books.

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

SECTION 9.05. *Waiver of Personal Liability.* No member, officer, agent or employee of the Successor Agency is individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.06. *Destruction of Canceled Bonds.* Whenever in this Indenture provision is made for the surrender to the Successor Agency of any Bonds which have been paid or canceled under the provisions of this Indenture, a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Successor Agency is entitled to rely upon any statement

of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to. The Successor Agency will pay all costs of any microfilming of Bonds to be destroyed.

SECTION 9.07. *Notices.* All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The Successor Agency or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Successor Agency:

Placentia Redevelopment Agency
401 East Chapman Avenue
Placentia, California 92870
Attention: Executive Director

If to the Trustee:

U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Services

If to the Bond Insurer:

So long as the Bond Insurance Policy remains in effect, the Trustee shall furnish to the Bond Insurer a copy of any notice required to be given hereunder to the Bond Owners and any certification required to be given hereunder relating to the security for the Bonds.

SECTION 9.08. *Partial Invalidity.* If any Section, paragraph, sentence, clause or phrase of this Indenture is for any reason held illegal, invalid or unenforceable, such holding will not affect the validity of the remaining portions of this Indenture. The Successor Agency and the Trustee hereby declare that they would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 9.09. *Unclaimed Moneys.* Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become

payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on such Bonds.

SECTION 9.10. *Execution in Counterparts.* This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9.11. *Third-Party Beneficiary.* The Bond Insurer shall be deemed to be a third-party beneficiary of this Indenture, with all rights of a third-party beneficiary.

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

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IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA has caused this Indenture to be signed in its name by its Chair and attested to by its Secretary, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF PLACENTIA**

By _____
Chair

Attest:

Clerk

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

By _____
Authorized Officer

APPENDIX A

DEFINITIONS

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

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

“Bond Insurer” means _____, a _____, its successors and assigns, as issuer of the Bond Insurance Policy and the Reserve Account Surety Bond.

“Bond Year” means any twelve-month period beginning on August 2 in any year and extending to the next succeeding August 1, both dates inclusive; except that the first Bond Year begins on the Closing Date and ends on August 1, 2014.

“Bonds” means the Successor Agency To The Redevelopment Agency of the City of Placentia, Placentia Redevelopment Project 2013 Tax Allocation Refunding Bonds issued by the Successor Agency in the aggregate principal amount of \$_____ under the Redevelopment Law and this Indenture.

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

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

“City” means the City of Placentia, California.

“Closing Date” means November __, 2013, being the date on which the Bonds are delivered by the Successor Agency to the Original Purchaser.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds and the refunding of the 2002 Series A Bonds, the 2002 Series B Bonds and the 2009 Notes, including but not limited to: staff and administrative costs of the Successor Agency; printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee, the Prior Bonds Trustee and their respective counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; Bond Insurance Policy and Reserve Account Surety Bond premiums; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the

Bonds and the current refunding of the 2002 Series A Bonds, the 2002 Series B Bonds and the 2009 Notes.

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

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

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

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

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

“Dissolution Act” means Assembly Bill X1 26, signed by the Governor of the State of California on June 28, 2011, and filed with the Secretary of State of California on June 29, 2011, including as a part thereof, Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of the Redevelopment Law.

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

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

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

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

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

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

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws

of the State of California, appointed by or acceptable to the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

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

“Interest Payment Date” means February 1, 2014, and each February 1 and August 1 thereafter so long as any of the Bonds remain unpaid.

“Maximum Annual Debt Service” means, with respect to all or any designated portion of Senior Lien Debt, the largest amount of principal (including principal coming due and payable by operation of mandatory sinking fund redemption) and interest coming due with respect to all such Senior Lien Debt during the current or any future Bond Year.

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

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

“Original Purchaser” means Southwest Securities, Inc., as original purchaser of the Bonds on the Closing Date.

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

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

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

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United

States of America (stripped securities are only permitted if they have been stripped by the Successor Agency itself): (i) certificates of beneficial ownership of the Farmers Home Administration; (ii) Federal Housing Administration debentures; (iii) participation certificates of the General Services Administration; (iv) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

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

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

"Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate amount of taxes which may be divided and allocated to the Successor Agency under the Redevelopment Plan, (b) the period of time for establishing or incurring indebtedness payable from tax increment revenues, and (c) the period of time for collection of tax increment revenues and repayment of indebtedness from tax increment revenues.

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

"Prior Bonds Trustee" means U.S. Bank National Association, its successors and assigns, as trustee for the 2002 Series A Bonds, the 2002 Series B Bonds and the 2009 Notes.

"Project Area" means the project area described in the Redevelopment Plan.

"Recognized Obligation Payment Schedule" means the schedule by that name prepared before each Semiannual Period in accordance with the requirements of Section 34177(l) of the Redevelopment Law.

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

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

"Redevelopment Obligation Retirement Fund" means the fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the Redevelopment Law. In the event that the provisions of the Dissolution Act relating to the Redevelopment Property Tax Trust Fund are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Redevelopment Law or the equivalent shall become applicable to the Bonds, then the term "Redevelopment Property Tax Trust Fund" shall mean the special fund which is established under the Redevelopment Law.

"Redevelopment Plan" means the redevelopment plan for the Project Area of the Former Agency in Placentia, California, adopted and approved as the Redevelopment Plan by Ordinance No. 83-0-113, adopted by the City Council of the City on July 19, 1983, as amended by the adoption of Ordinance No. 90-0-115, adopted by the City Council of the City on June 26, 1990 and as amended by the adoption of Ordinance No.

O-2004-03, adopted by the City Council of the City on May 18, 2004, together with all further amendments thereto hereafter made in accordance with the Redevelopment Law.

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

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

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

“Refunding Instructions” means the Irrevocable Refunding Instructions executed by the Successor Agency and delivered to the Prior Bonds Trustee, relating to the administration of funds for the payment and redemption of the 2002 Series A Bonds, the 2002 Series B Bonds and the 2009 Notes.

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

“Request of the Successor Agency” means a request in writing signed by the Chair, Vice Chair, Executive Director, Treasurer or Secretary of the Successor Agency, or any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

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

“Reserve Account Surety Bond” means the debt service reserve fund surety bond issued by the Bond Insurer for the credit of the Reserve Account.

“Reserve Requirement” means an amount equal to _____.

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

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

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

“Senior Lien Debt” means, collectively, the Bonds and any notes, bonds or other obligations which are issued following the Closing Date for the purpose of refunding any Bonds or other issue of Senior Lien Debt in whole or in part as permitted by the Dissolution Act.

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

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

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

“Tax Revenues” means moneys allocated and paid to the Successor Agency derived from (a) that portion of taxes levied upon assessable property within the Project Area allocated to the Successor Agency pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable laws, and (b) reimbursements, subventions, including payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110, et seq., of the Government Code of the State of California, or other payments made by the State of California with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes; but excluding amounts payable under the Tax Sharing Statutes to the extent not subordinated to the payment of principal of and interest on the Bonds or any other Senior Lien Debt.

“Tax Sharing Statutes” means Section 33607.5 and Section 33607.7 of the Redevelopment Law.

“Term Bonds” means the Bonds maturing on August 1, _____.

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

“2002 Series A Bonds” means the Redevelopment Agency of the City of Placentia Housing Set-Aside Tax Allocation Bonds, 2002 Series A, which have been issued by the Former Agency in the aggregate original principal amount of \$3,100,000.

“2002 Series B Bonds” means the Redevelopment Agency of the City of Placentia Tax Allocation Bonds, 2002 Series B, which have been issued by the Agency in the aggregate original principal amount of \$4,655,000.

"2009 Notes" means the Placentia Redevelopment Agency 2009 Subordinate Tax Allocation Notes which have been issued by the Agency in the aggregate original principal amount of \$6,850,000.

DRAFT

APPENDIX B

FORM OF BOND

No.

\$

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
PLACENTIA**

**Placentia Redevelopment Project
2013 Tax Allocation Refunding Bond**

RATE OF INTEREST: MATURITY DATE: ORIGINAL ISSUE DATE: CUSIP:
 August 1,

REGISTERED OWNER:

PRINCIPAL AMOUNT: THOUSAND DOLLARS

The PLACENTIA REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Agency"), for value received, hereby promises to pay (but only out of the Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the first calendar day of the month in which such Interest Payment Date occurs (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to January 15, 2014, in which event it shall bear interest from the Original Issue Date identified 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 hereon has previously been paid or made available for payment), payable semiannually on February 1 and August 1 in each year, commencing February 1, 2014 (the "Interest Payment Dates") until payment of such Principal Amount in full.

The Principal Amount hereof is payable upon presentation hereof at the corporate office of U.S. Bank National Association, as trustee (the "Trustee"), in Los Angeles, California, or such other place as designated by the Trustee. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Bonds which written request is on file with the Trustee prior to the Record Date immediately preceding any Interest Payment Date, interest on such Bonds shall be paid on such Interest Payment Date by wire transfer to such account within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the "Successor Agency To Redevelopment Agency of the City of Placentia, Placentia Redevelopment Project 2013 Tax Allocation Refunding Bonds" (the "Bonds") of an aggregate principal amount of \$ _____, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities or interest rates) and all issued under the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, and under an Indenture of Trust dated as of November 1, 2013, between the Successor Agency and the Trustee (the "Indenture"). The Bonds have been authorized to be issued by the Successor Agency under a resolution of the Successor Agency adopted on November __, 2013. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all supplements thereto and to the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency to refinance certain indebtedness previously incurred by the Placentia Redevelopment Agency under the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law") in connection with the Placentia Redevelopment Project in the City of Placentia, California (the "Project Area"), a duly designated redevelopment project area under the laws of the State of California.

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

This Bond is not a debt of the City of Placentia, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political

subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties other than the Tax Revenues.

The rights and obligations of the Successor Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the owners required to effect any such modification or amendment.

The Bonds maturing on or before August 1, 20__, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after August 1, 20__, are subject to redemption in whole, or in part at the written request of the Successor Agency among maturities on such basis as shall be designated by the Successor Agency and by lot within a maturity, at the option of the Successor Agency, on any date on or after August 1, 20__, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

The Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption in part by lot, on August 1 in each of the years as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium; *provided, however*, that if some but not all of such Bonds of any maturity have been redeemed under the optional redemption provisions described above, the total amount of all future sinking fund payments with respect to such Bonds shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

Sinking Fund
Redemption Date
(August 1)

Principal Amount
To Be Redeemed

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

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

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

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

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

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

This Bond is not entitled to any benefit under the Indenture and is not valid or obligatory for any purpose until the certificate of authentication hereon endorsed has been signed by the Trustee.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Chair and its facsimile seal impressed hereon and attested to by the facsimile signature of its Clerk, all as of the Original Issue Date specified above.

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF PLACENTIA**

By _____
Chair

Attest:

Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated:

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

By _____
Authorized Signatory

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

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

APPENDIX C

RECOGNIZED OBLIGATION DEBT SERVICE PAYMENT SCHEDULE

(TO BE PROVIDED AT FINAL SUCCESSOR AGENCY ACTION)

DRAFT

Oversight Board

of the Successor Agency to the Redevelopment Agency of the City of Placentia

AGENDA REPORT

TO: BOARD MEMBERS

FROM: EXECUTIVE DIRECTOR

DATE: AUGUST 28, 2013

SUBJECT: **ADOPTION OF A RESOLUTION APPROVING SUCCESSOR AGENCY ACTION TO ENTER INTO A REVISED LEASE AGREEMENT FOR 132 E. CROWTHER AVENUE IN ORDER TO REDUCE THE ANNUAL BASE LEASE THEREBY INCREASING RESIDUAL TAX INCREMENT PAYMENTS TO OTHER TAXING ENTITIES**

FISCAL
IMPACT: \$100,000 SAVINGS OVER LEASE TERM

SUMMARY:

On February 16, 2010 the former Redevelopment Agency of the City of Placentia approved a lease agreement for 132 E. Crowther Avenue. The lease, with an option to purchase, assisted the former agency in securing the property since it was identified at the time as being part of the necessary property purchases required to satisfy parking requirements for the forthcoming Metrolink Station. The lease is with a third party financial group and has a capitalization rate of 20% which will increase during the option term. It is desired to facilitate the exchange of the property to a new third party in order to lower the lease rate and continue to secure the building for potential utilization. This action will adopt a resolution approving Successor Agency action to enter into a new lease that realizes \$100,000 in savings over the remaining term of the lease.

RECOMMENDATION:

It is recommended that the Board take the following action:

1. Adopt Resolution OB-2013-10, A Resolution of the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Placentia, California, approving Successor Agency action to enter into a revised lease agreement for 132 E. Crowther Avenue in order to reduce the annual base lease thereby increasing residual tax increment payments to other taxing entities

DISCUSSION:

For historical purposes, excerpts from the former Agency's staff report approved by the former Board of Directors on February 16, 2010 include:

"The City of Placentia, through its Redevelopment Agency, has discussed the purchase of the property located at 132 E. Crowther Avenue from the Boys and Girls Club of Placentia, Yorba Linda and Brea. Although discussions have occurred over the years, several attempts to acquire the property were unsuccessful. In early 2009, the Agency again began serious discussions and made a tentative offer to the Boys and Girls Club for \$1,750,000 based on a valid appraisal at the time. This offer was well received by the

Boys and Girls Club but in the months that passed, the Agency was not able to proceed due to the State's raid of Agency funds. Furthermore, during this period, the Boys and Girls Club began to experience financial difficulties of their own due in part to the completion of the Club's Brea facility. That facility experienced cost overruns, as well as litigation from investors and contractors.

By the end of 2009, the Boys and Girls Club was forced into a position in which the sale of the property was required to satisfy financial issues as well as re-position the Club to concentrate on providing services to their clientele. The Boys and Girls Club needs to sell their property to satisfy their debt obligations and has entertained at least one offer from a private party to purchase the property.

The Agency is not able to directly purchase the property at this time and the Boys and Girls Club is not in the position to accept payment terms that do not satisfy their financial obligations. Accordingly, the Agency needed to pursue other forms of financing or a third party investor who could assist the Agency ultimately purchase the property.

As proposed, a third party private investor, or assignee, will purchase the property from the Boys and Girls Club for \$1,150,000. During escrow, the Agency will initiate a lease agreement with [the third party] or assignee and pay an initial \$400,000 as a purchase option. The Agency will lease the property for \$12,500 a month and after twenty-four (24) months will initiate the purchase of the property for \$750,000. The \$750,000 is the initial third party investment that in addition to the \$400,000 Agency contribution represents the purchase price from the Boys and Girls Club. At such time, the Agency will gain title to the property and no further lease payments will be required. While the lease agreement is structured to be an initial five (5) year period with two (2) additional one (1) year extensions, it is the Agency's goal to purchase the property after the two (2) year period in which prepayment cannot be made."

Had the dissolution of the former agency not occurred, it was the intent to initiate the purchase of the facility after two years. However, based on the dissolution, the Successor Agency maintained the lease with the third party as the State Department of Finance found the lease agreement to be an enforceable obligation. Further, the property has always been considered a back-up plan for potential parking for the proposed Metrolink Station at the same time that the City and Successor Agency have looked at interim uses in order to gain revenue from the property as well as secure it due to its vacant status.

At present time, regardless of the future use of the building/property, it is desirable to facilitate the exchange of the property between third parties and maintain the Successor Agency lease for the site. If the Successor Agency were to terminate the lease, effectively handing the property over to the third party owner, the former Agency's investment of \$400,000 would be lost. While investigating potential transfer scenarios, the Successor Agency was approached by a representative of a third party seeking to invest money based on the need to complete an IRS § 1031 exchange. In very simple terms, a 1031 exchange (§1031 of the Internal Revenue Code) allows a person to re-invest funds in another property with some tax advantages.

During an Executive Session of the Successor Agency for property negotiations held on August 20, 2013, the Successor Agency expressed an interest to pursue a deal and the Executive

Director is proceeding with the following deal terms based on the current lease with option to purchase:

Draft Deal Points:

Property Purchase Price (by third party): \$750,000
Annual Base Lease \$125,000 (current lease is annually \$150,000)
Option for City to assume lease and extend term after initial term with Successor Agency expires.

As with any potential lease, the final lease document and deal points will be considered during an open session of the governing body (Successor Agency). No action is final until the Successor Agency approves of an agreement (and the Department of Finance approves of the overall transfer).

In a discussion with the Department of Finance, this transfer was conceptually approved because it creates savings over the remaining term of the original lease and those savings will be eligible to be redistributed to other taxing entities. Thus, the facilitated transfer of the property and lease with a different third party comply with the provisions and intent of Assembly Bill 1484 and the Dissolution Act. The proposed lease provides an option for the City to assume the lease after the initial term under the Successor Agency expires. This would occur in approximate four (4) years if exercised.

The action requested of the Oversight Board, per §34180 (b) of the Health and Safety Code (Code), is to prospectively approve Successor Agency action which will be formally approved in an open session on September 17, 2013. As provided for in §34181(e) of the Code, the Oversight Board may approve the transfer of the lease between the dissolved former agency and the third party based on the action being in the best interest of the other taxing entities (due to its providing for greater distribution of tax increment). If formal Successor Agency is not taken, this action will become null and void. This action is related to the transfer of the lease only and is not an action regarding any potential use of the building/property.

FISCAL IMPACT:

\$100,000 savings based on reduced annual rate over remaining term (four years) of the lease.

Submitted by:

Kenneth A. Domer
Executive Director

Attachment:
Resolution OB-2013-10

RESOLUTION NO. OB-2013-10

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF PLACENTIA, CALIFORNIA, APPROVING SUCCESSOR AGENCY ACTION TO ENTER INTO A REVISED LEASE AGREEMENT FOR 132 E. CROWTHER AVENUE IN ORDER TO REDUCE THE ANNUAL BASE LEASE THEREBY INCREASING RESIDUAL TAX INCREMENT PAYMENTS TO OTHER TAXING ENTITIES.

A. Recitals.

(i). Pursuant to Section 34172(a) of the California Health and Safety Code (the "Code"), the Placentia Redevelopment Agency (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173 of the Code, the City Council of the City of Placentia has elected to serve as the successor entity to the Agency (the "Successor Agency").

(ii.) Pursuant to Assembly Bill 26X1 (the "Dissolution Act") and Assembly Bill 1484, the intent of the Successor Agency is to wind down the former agency in an expedited manner and to seek the maximum return of tax increment to all other taxing entities.

(iii). The State Department of Finance has found the current lease agreement for property at 132 E. Crowther Avenue as an enforceable obligation, said lease having been entered into by the former agency on March 24, 2010, prior to applicable timelines set forth in the Dissolution Act.

(iv). As provided for in §34181(e) of the Code, the Oversight Board is to determine whether any agreements between the dissolved redevelopment agency and any private parties should be renegotiated to reduce liabilities and increase net revenues to the taxing entities.

(v). There is a potential for the Successor Agency to facilitate a transfer of the lease to a new third party which effectively lowers the annual lease payments generating a savings of \$100,000 over the remaining life of the original term.

(vi). All savings from a new lease will be made available to other taxing entities, thereby fulfilling the intent of the Dissolution Act and Assembly Bill 1484.

(vii). The proposed new lease, if approved and finalized by the Successor Agency, will not exceed the terms of the current lease.

(viii). All legal prerequisites to the adoption of this Resolution have occurred.

B. Resolution.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Placentia hereby finds, determines and resolves as follows:

1. In all respects as set forth in the Recitals, Part A., of this Resolution.

2. Approval of Transfer of Lease. The Oversight Board hereby approves the Successor Agency action to transfer the lease for 132 E. Crowther Avenue, of which, said action will result in reduced lease payments over the same lease term providing increased residual tax increment to be distributed to other taxing entities.

3. Determinations by the Oversight Board. The Oversight Board hereby makes the following determinations upon which the Successor Agency may transfer the lease:

- (a) As provided in §34177.3(a) of the Code, the Successor Agency shall not create a new enforceable obligation except in compliance with an enforceable obligation that existed prior to June 28, 2011. The current lease was entered into as of March 24, 2010 and has been approved by the Department of Finance as an enforceable obligation.
- (b) The transfer of the lease reduces the annual lease payments and maintains the original lease term thereby providing for greater residual tax increment to be distributed to other taxing entities in fulfillment of the Dissolution Act and Assembly Bill 1484.
- (c) As provided for in §34180(b) of the Code, this action shall first be approved by the Oversight Board.
- (d) As provided for in §34181(e) of the Code, the Oversight Board approves the proposed amendments (transfer of lease) between the dissolved former agency and any private party based on the action being in the best interest of the taxing entities due to its providing for greater distribution of tax increment.

PASSED AND ADOPTED this 28th day of August, 2013.

ED GARCIA, CHAIRPERSON

ATTEST:

TANIA A. MORENO, CLERK OF THE BOARD

STATE OF CALIFORNIA
COUNTY OF ORANGE

I, Tania A. Moreno, Clerk of the Board of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Placentia, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the Oversight Board held on the 28th day of August, 2013, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

TANIA A. MORENO, CLERK OF THE BOARD