



GUADALUPE OVERSIGHT BOARD

AGENDA – SPECIAL BOARD MEETING

Wednesday, August 16, 2017
at 3:00 p.m.

Council Chambers, Guadalupe City Hall
918 Obispo Street, Guadalupe, CA 93434

MEMBERS:

Chair Hugo Lara, Retired Guadalupe Union School District Superintendent
Vice Chair Michael Black, Associate Superintendent, Chancellor of Community Colleges
Board Secretary Annette Munoz, Finance Director, City of Guadalupe
Virginia Ponce, Guadalupe Council Member, Lighting District
Gina Rubalcaba, Guadalupe Council Member, Appointed by Mayor
Dan Eidelson, Member-At-Large
Scott McGolpin, Public Works Director, County of Santa Barbara Executive Officer

STAFF:

Heather Whitham, Legal Counsel
Phil F. Sinco, City Attorney

Cruz Ramos, City Administrator
James Casso, Successor Agency Special Counsel

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1. **ROLL CALL** Hugo Lara, Annette Munoz, Michael Black, Dan Eidelson,
Scott McGolpin, Virginia Ponce, Gina Rubalcaba
 2. **PLEDGE OF ALLEGIANCE**
 3. **COMMUNITY PARTICIPATION FORUM** – *Public Comment period is set aside to allow public testimony on items not on today's agenda and that are within the subject matter of the Oversight Board. The time allocated to each speaker will be set at the discretion of the Chair.*
 4. **ADMINISTRATIVE ACTIONS**
 - a. Minutes for the Guadalupe Oversight Board Meeting of January 26, 2017 to be ordered filed.

5. **AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 17-18B FOR THE JANUARY 1, 2018 THROUGH JUNE 30, 2018 PERIOD.** That the Oversight Board review and adopt Resolution No. 2017-02 adopting the Amended Recognized Obligation Payment Schedule for the January 1, 2018 through June 30, 2018 period.
 - a. Written Staff Report (Annette Munoz, Finance Director)
 - b. Oversight Board discussion and consideration.
 - c. It is recommended that the Oversight Board adopt Resolution No. 2017-02.

6. **APPROVING THE PROFESSIONAL SERVICE AGREEMENTS FOR THE FINANCING TEAM MEMBERS IN CONNECTION WITH THE REFUNDING OF THE 2003 GUADALUPE COMMUNITY REDEVELOPMENT AGENCY TAX ALLOCATION BONDS.** That the Oversight Board adopt Resolution No. 2017-03 appointing the Financing Team of (a) Norton Rose Fulbright US LLP to provide Bond Counsel and Disclosure Counsel services; (b) Stifel, Nicolaus & Company, Inc, as Underwriter; and (c) Urban Futures, Inc., as Financial Advisor for the Refunding of the Series 2003 Guadalupe Community Redevelopment Agency Tax Allocation Bonds, authorize the Executive Director to execute agreements.
 - a. Written Staff Report (James M. Casso, Successor Agency Special Counsel)
 - b. Oversight Board discussion and consideration.
 - c. It is recommended that the Oversight Board adopt Resolution No. 2017-03.

7. **DEBT MANAGEMENT POLICY.** That the Oversight Board review and adopt Resolution No. 2017-04 approving the Debt Management Policy.
 - a. Written Staff Report (Annette Munoz, Finance Director)
 - b. Oversight Board discussion and consideration.
 - c. It is recommended that the Oversight Board adopt Resolution No. 2017-04.

8. **CONSIDERATION OF OVERSIGHT BOARD RESOLUTION NO. 2017-05, AUTHORIZING THE ISSUANCE OF TAXABLE TAX ALLOCATION REVENUE REFUNDING BONDS AND APPROVING AN INDENTURE, A BOND PURCHASE AGREEMENT AND A FORM OF CONTINUING DISCLOSURE AGREEMENT AND AUTHORIZING CERTAIN ACTIONS RELATING THERETO.**
 - a. Written Staff Report (Annette Munoz, Finance Director & Don Hunt, Bond and Disclosure Counsel)
 - b. Oversight Board discussion and consideration.
 - c. It is recommended that the Oversight Board adopt Resolution No. 2017-05.

9. FUTURE AGENDA ITEMS.

10. ADJOURNMENT.

TELECONFERENCE LOCATIONS

County of Santa Barbara, 123 East Anapamu, Santa Barbara, CA 93101 (805) 568-3010

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting, please contact the City of Guadalupe at (805) 356-3891 at least 48 hours prior to the meeting to insure that reasonable arrangements can be made to provide accessibility to the meeting.

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing Agenda was posted at the City Hall display case, the Water Department and the City Clerk's office not less than 24 hours prior to the meeting. Dated this 15th day of August 2017.



Annette Munoz
Guadalupe Oversight Board Secretary



4a.

GUADALUPE OVERSIGHT BOARD

MINUTES - REGULAR BOARD MEETING

Thursday, January 26, 2017, 3:00p.m.

Council Chambers, Guadalupe City Hall
918 Obispo Street, Guadalupe, CA 93434

MEMBERS

Hugo Lara, Chair	Michael Black, Vice Chair	Virginia Ponce
Annette Munoz, Secretary	Dan Eidelson	Gina Rubalcaba
	Scott McGolpin	

STAFF

Heather Whitham, Legal Counsel	Cruz Ramos, City Administrator
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1. **ROLL CALL**
- | | |
|------------------------------|---|
| Present in Guadalupe: | Michael Black, Virginia Ponce,
Gina Rubalcaba, Annette Muñoz |
| Present on telephone: | Dan Eidelson, Scott McGolpin |
| Absent: | Hugo Lara |

Also in attendance were Ms. Whitham and Ms. Ramos.

2. **PLEDGE OF ALLEGIANCE**
3. **COMMUNITY PARTICIPATION FORUM**
- No public comments.**
4. **ADMINISTRATIVE ACTIONS**

- a. Minutes for the Guadalupe Oversight Board Meeting of September 15, 2016 to be ordered and filed.

Board Member Virginia Ponce abstained from Item 4a.

**MOTION MADE TO APPROVE ITEM 4a.
RUBALCABA/ BLACK**

AYES: 5

NOES: 0

ABSTAIN: 1 Ponce (Not present at the 9/15/2016 Meeting)

ABSENT: 1 Lara

- b. A verbal report was given by Annette Muñoz regarding the formal transfer of assets listed on the Long Range Property Management Plan.
- c. A verbal report was given by Annette Muñoz regarding the remediation process at AI's Union.

5. CITY OF GUADALUPE SUCCESSOR AGENCY RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 17-18) FILED FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018 AND ADOPT OB RESOLUTION NO 2017-01

- a. Written Staff Report (Annette Munoz, Finance Director)
- b. Oversight Board discussion and consideration.
- c. It is recommended that the Oversight Board adopt OB Resolution No. 2017-01.

Ms. Munoz presented the staff report.

**MOTION MADE TO ADOPT RESOLUTION OB NO. 2017-01
PONCE/RUBALCABA**

AYES: 6

NOES: 0

ABSTAIN: 0

ABSENT: 0

6. FUTURE AGENDA ITEMS

- a. ROPS 18-19


7. ADJOURNMENT

Meeting adjourned at 3:20p.m.

**Annette Muñoz
Secretary, Oversight Board**

Hugo Lara, Chair

**REPORT TO THE GUADALUPE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF GUADALUPE
Agenda of August 16, 2017**



Prepared by:
Annette Muñoz, Finance Director



Approved by:
Cruz Ramos, City Administrator

SUBJECT: Amended Recognized Obligation Payment Schedule
(ROPS) 17-18B for the January 1, 2018 through June 30, 2018
Period

RECOMMENDATION: That the Oversight Board review and consider adoption of
Resolution No. 2017-02 "A Resolution of the Guadalupe Oversight
Board of the Successor Agency to the Former Redevelopment
Agency of the City of Guadalupe, California Adopting the
Amended Recognized Obligation Payment Schedule for the
January 1,2018 through June 30, 2018 Period."

BACKGROUND:

Pursuant to Health and Safety Code (HSC) section 34177 (o)(1)(E), once per ROPS period, the Agency may submit one amendment to the ROPS approved by Finance and is subject to the following:

- The amended ROPS must be approved by the Oversight Board (OB) and is due to the Department of Finance no later than October 1.
- The OB must make a finding that the revision is necessary for payment of approved enforceable obligations during the second half of the ROPS period (January 1 to June30).
- Finance’s determination will be issued at least 15 days before the date of the property tax distribution.

The Successor Agency owns property designated as a Leaking Underground Fuel Tank (LUFT) site (Al’s Union). In approximately 2008-09 the Agency was accepted into the State Water Resources Cleanup of Underground Storage Tanks Fund (USTCF) which approved a total Letter of Commitment in the amount of \$1.5 million.

Typically cleanup costs are reimbursed by the State within six months once the claim has been submitted. Staff was notified earlier this year by DMI-EMK, remediation consultants, that the pump island removal at the site will not be reimbursable by the State. The cost of the pump island removal and associated project management costs is \$9,200.

Staff notified the Department of Finance to determine if the expenditure could be placed on an amended ROPS for the 17-18B period. The department of Finance instructed staff on the procedure for the amendment. The costs associated with the island pump appear on line five of the ROPS schedule.

AGENDA ITEM NO.

DMI-EMK is also required to submit a "Project Execution Plan" plan to the State. This plan is a long range estimate of project schedules and costs from now through closure. The Consultant is making the assumption that after one year of remediation, the site will meet closure and the County will close it. A budget change order was submitted to the State to account for the projection. The budget change amount of \$108,500 is also reflected on line five of the ROPS schedule.

FISCAL IMPACT:

No fiscal impact if the \$9,200 expenditure is approved by the Department of Finance.

Attachment:

OB Resolution 2017-02

Exhibit "A" Amended ROPS 17-18B

OVERSIGHT BOARD RESOLUTION NO. 2017-02

RESOLUTION OF THE GUADALUPE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF GUADALUPE, CALIFORNIA ADOPTING THE AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE JANUARY 1, 2018 THROUGH JUNE 30, 2018 PERIOD

WHEREAS, Health and Safety Code (HSC) section 34177 (o)(1)(E), allows an Agency to submit one amendment to the ROPS approved by Finance per ROPS period; and

WHEREAS, The Agency has the need to amend the 17-18B ROPS for the January 1, 2018 through the June 30, 2018 period; and

WHEREAS, ABX126 requires the Successor Agency to approve the Amended Recognized Obligation Payment Schedule (ROPS) before submission to the Oversight Board for approval and distribution to the Department of Finance by October 1, 2017; and

WHEREAS, the Amended Recognized Obligation Payment Schedule (ROPS) has been studied and approved by the Guadalupe Successor Agency on August 14, 2017; and

BE IT RESOLVED by the Oversight Board that:

The Amended Recognized Obligation payment Schedule (ROPS) for the Guadalupe Successor Agency for the Term of January 1, 2018 through June 30, 2018 is adopted.

PASSED, APPROVED, AND ADOPTED by the Guadalupe Oversight Board, on a motion by Board Member _____, seconded by Board Member _____, this 16th day of August 2017.

AYES:

NOES:

ABSENT:

By: _____
Hugo Lara, Chair

ATTEST: Guadalupe Oversight Board

By: _____
Annette Munoz, Secretary

Amended Recognized Obligation Payment Schedule (ROPS 17-18B) - Summary

Filed for the January 1, 2018 through June 30, 2018 Period

Successor Agency: Guadalupe
 County: Santa Barbara

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	ROPS 17-18B Authorized Amounts	ROPS 17-18B Requested Adjustments	ROPS 17-18B Amended Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ 75,000 \$	108,500 \$	183,500
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	75,000	108,500	183,500
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 163,069 \$	9,200 \$	172,269
F RPTTF	123,069	9,200	132,269
G Administrative RPTTF	40,000	-	40,000
H Current Period Enforceable Obligations (A+E):	\$ 238,069 \$	117,700 \$	355,769

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (c) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

 Name Title
 /s/_____
 Signature Date

**REPORT TO THE GUADALUPE OVERSIGHT BOARD OF THE SUCCESSOR
AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF
GUADALUPE**
Agenda of August 16, 2017

n/s
Prepared by:
James M. Casso
Successor Agency Special Counsel

SUBJECT:

Consideration of Oversight Board Resolution No. 2017-03 Approving the Professional Service Agreements for the Financing Team Members in Connection with the Refunding of the 2003 Guadalupe Community Redevelopment Agency Tax Allocation Bonds and Authorizing the Preparation of the Necessary Documents for the Issuance of Bonds to Refinance the 2003 Series Bonds.

RECOMMENDATION:

Staff recommends that the Oversight Board consider and approve OB Resolution No. 2017-03, appointing the Financing Team of (a) Norton Rose Fulbright US LLP to provide Bond Counsel and Disclosure Counsel services; (b) Stifel, Nicolaus & Company, Inc., as Underwriter; and (c) Urban Futures, Inc., as Financial Advisor for the Refunding of the Series 2003 Guadalupe Community Redevelopment Agency Tax Allocation Bonds, authorize the Executive Director to execute the agreements with these financing team members on behalf of the Successor Agency and authorize the preparation of the necessary documents for the issuance of bonds to refinance the 2003 Series Bonds.

BACKGROUND:

In 2003, the Guadalupe Community Redevelopment Agency (the "Agency") issued Tax Allocation Refunding Bonds ("TABS") totaling \$6,455,000. The proceeds of the 2003 Bonds were to be used to fund certain redevelopment activities in the Agency's Project Area, refund the Agency's 1997 TABS, fund the reserve for the 2003 Bonds and pay for the cost of issuance associated with the 2003 Bonds. The proceeds from the 2003 Bonds were used as intended, helping to seismically retrofit properties in the Agency's project area and for other redevelopment purposes.

California Health & Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds provided that the total refunding principal and interest does not exceed the total principal and interest of the bonds being refunded and the principal amount of the refunding bonds does not exceed the amount needed to defease the refunded bonds, establish customary debt service reserves and pay related costs of issuance.

Agency staff has determined that the refunding of the 2003 Bonds, based on current market conditions and interest rates, as of August 1, 2017, for a public offering generates an estimated total debt service saving of approximately \$38,700 per year. The Bonds become due and payable in 2035.

All costs of issuance for the proposed 2017 Bonds will be paid from bond proceeds and the repayment source for the 2017 Bonds will be limited to the tax increment revenues generated in the redevelopment project area which are deposited in the Successor Agency's Redevelopment Property Tax Trust Fund ("RPTTF"). The proposed bonds will not be a debt of the City of Guadalupe. The professional costs of issuance ("COI") fees are estimated to be approximately \$150,000.00 to cover services provided by the bond and disclosure counsel, financial advisor, verification agent, trustee, rating agency, bond issuer charges as well as staff time and expenses. A separate underwriting discount will be charged by the Underwriter, estimated at \$71,700.00. All costs associated with the refunding are not paid with general fund monies. All parties involved in the refunding effort are paid on a contingency basis, with the exception of the rating agency.

FISCAL IMPACT:

The proposed refunding of the 2003 Bonds will result in a gross cash flow savings of approximately \$696,000.00, which represents a net present value savings of approximately \$71,800.00.

OVERSIGHT BOARD RESOLUTION NO. 2017-03

RESOLUTION OF THE GUADALUPE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO GUADALUPE COMMUNITY REDEVELOPMENT AGENCY AUTHORIZING STAFF AND CONSULTANTS TO PREPARE NECESSARY DOCUMENTATION FOR THE ISSUANCE OF BONDS TO REFINANCE OUTSTANDING GUADALUPE COMMUNITY REDEVELOPMENT AGENCY GUADALUPE TAX ALLOCATION REFUNDING BONDS, SERIES 2003; AND APPROVING FINANCING TEAM MEMBERS IN CONNECTION THEREWITH

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

WHEREAS, the Successor Agency to Guadalupe Community Redevelopment Agency (the “Successor Agency”) desires to issue bonds on a taxable basis (the “Bonds”) for the purpose of refunding all or a portion of the Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2003 (the “Prior Bonds”); and

WHEREAS, the Successor Agency (the “Board”) desires to approve certain members of the financing team in connection with the proposed issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. Approval of Recitals. The Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Authorization to Prepare Documents. The Board hereby authorizes the Successor Agency staff and Bond and Disclosure Counsel to prepare necessary documentation for review and approval by the Successor Agency for the refunding of the Prior Bonds.

Section 3. Approval of Certain Financing Team Members. The Board hereby approves the appointment of (a) Norton Rose Fulbright US LLP, to provide Bond Counsel and Disclosure Counsel services in connection with the Bonds, (b) Stifel, Nicolaus & Company, Incorporated, as Underwriter or Placement Agent in connection with the Bonds, (c) Urban Futures, Inc., as Municipal Advisor in connection with the Bonds. The Executive Director is hereby authorized and directed to execute services agreements with these financing team members.

Section 4. Severability. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 5. Effective Date. This Resolution shall become effective immediately upon adoption.

Section 6. Certification. The Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 16th day of August 2017.

Hugo Lara, Chair

I, Annette Muñoz, Secretary of the Oversight Board do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of the Oversight Board at a special meeting thereof held on August 16, 2017 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Annette Munoz, Oversight Board Secretary

July 19, 2017

Norton Rose Fulbright US LLP
555 South Flower Street
Forty-First Floor
Los Angeles, California 90071
United States

Mrs. Cruz Ramos
City Manager
City of Guadalupe
918 Obispo Street
Guadalupe, California 93434

Don Hunt
Partner
Direct line +1 213 892 9316
don.hunt@nortonrosefulbright.com

Tel +1 213 892 9200
Fax +1 213 892 9494
nortonrosefulbright.com

Dear Mrs. Ramos:

We are pleased to provide a proposal to serve as Bond and Disclosure Counsel to the Successor Agency of the Dissolved Community Redevelopment Agency of the City of Guadalupe (the "Successor Agency") in connection with the issuance of refunding tax allocation bonds.

As Bond Counsel, Fulbright will assist in developing the legal structure of the financing and provide customary Bond Counsel services necessary to enable the Successor Agency to authorize, issue, sell and deliver bonds or other obligations under existing laws, as more fully set forth below. In addition, we would make our offices available to the Successor Agency for the purpose of conducting meetings with regard to the documents relating to an offering of bonds, notes or other obligations, and for pre-closings and closings of any transactions.

To the extent necessary, we will undertake statutory, decisional and constitutional law research inquiries as to the validity and legal authority of any method of financing chosen by the Successor Agency. We will prepare, where necessary, the various resolutions, ordinances, trust indentures, and related documentation required for each transaction. Where necessary, the Firm will prepare or review agreements for any credit support facility, insurance, escrow deposit, trustee, paying agent or registrar, and we would discuss and comment upon such agreements with City staff and the financial advisors engaged by the Successor Agency in connection therewith. The Firm will also be available to discuss and comment upon any aspect of the transaction related to its role as Bond Counsel, including any issues concerning the rating agencies or any other participant to the transaction. We will prepare or review all documents of the Successor Agency and City necessary for the closing and delivery of the Bonds, notes or other obligations to the purchasers. The Firm will also prepare or review the various closing certificates and opinions required of trustees, accountants, and other interested parties.

As Disclosure Counsel, we will draft the preliminary official statement, the final official statement, private placement memorandum, or other disclosure document to be used in connection with the offering of the bonds or other obligations, including the summaries of the basic financing documents for inclusion therein. We will also draft the Continuing Disclosure Agreement. We will render an opinion as to the adequacy of the disclosure document.

Subject to completion of all legal proceedings and issuance of the bonds to our satisfaction, Norton Rose Fulbright US LLP will issue its approving legal opinion with respect to the authorization, sale and delivery of the bonds or other obligations and, if applicable, the exclusion of the interest on the bonds or other obligations from gross income for Federal and State income tax purposes. We will issue appropriate supplemental opinions and certificates as may be necessary or appropriate.

Our fees for services as Bond Counsel for refunding the tax allocation bond issue of the Successor Agency Successor Agency will be \$36,000.

Our fees as Disclosure Counsel, including preparation of the Preliminary Official Statement, the Official Statement, the Continuing Disclosure Agreement and the Bond Purchase Agreement will be \$26,000. If no offering document is required by the Purchaser of the Bonds, no Disclosure Counsel fee will be payable.

Such fees are entirely contingent on the successful delivery of the bonds or other obligations. In the event the bonds or other obligations are not sold and delivered, neither the City nor the Successor Agency shall not be liable for any legal services provided or costs incurred by the Firm.

The provisions herein for payment of fees on a fixed fee basis pertain to the ordinary and customary services rendered in connection with transactions of type described herein. Services performed which are occasioned by unforeseen delays, litigation, adverse litigation, validation actions (other than as previously approved), the need to obtain federal tax rulings, the use of derivative products or investment agreements, or other similar matters are to be billed at regular hourly rates.

The Successor Agency shall also pay \$1,600.00 to Fulbright as reimbursement for Fulbright's out-of-pocket expenses incurred in connection with preparation of transcripts and legal services rendered by Fulbright with respect to the financings under this Agreement.

Mrs. Cruz Ramos
July 19, 2017
Page 3

 NORTON ROSE FULBRIGHT

You are advised that the firm maintains Professional Errors and Omissions insurance coverage applicable to the services which we would be rendering.

If this arrangement is satisfactory to you, please return to us a copy of this letter executed by an authorized officer of the Successor Agency.

Respectfully submitted,

Norton Rose Fulbright US LLP

By: 
Donald L. Hunt, Partner

Terms of Bond Counsel
and Disclosure Counsel Employment

Approved This ____ Day
of _____, 2017

SUCCESSOR AGENCY OF THE DISSOLVED COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF GUADALUPE

Name: _____

Title: _____

July 13, 2017

Cruz Ramos, *City Administrator*
City of Guadalupe
918 Obispo Street
Guadalupe, California 93434

Re: Underwriter / Placement Agent Engagement Relating to Potential Municipal Securities Transaction for the Successor Agency of the Guadalupe Redevelopment Agency, Tax Allocation Refunding Bonds, Series 2017

Dear Cruz,

The Successor Agency of the Guadalupe Redevelopment Agency (“Issuer”) and Stifel, Nicolaus & Company, Incorporated (“Stifel”) are entering into this engagement to confirm that they are engaged in discussions related to a potential issue of municipal securities related to the **Tax Allocation Refunding Bonds, Series 2017** (the “Issue”) and to formalize Stifel’s role as underwriter or placement agent with respect to the Issue.

Engagement as Underwriter / Placement Agent

Issuer is aware of the “Municipal Advisor Rule” of the Securities and Exchange Commission (“SEC”) and the underwriter exclusion from the definition of “municipal advisor” for a firm serving as an underwriter or placement agent for a particular issuance of municipal securities. Issuer hereby designates Stifel as an underwriter or placement agent for the Issue. Issuer expects that Stifel will provide advice to Issuer on the structure, timing, terms and other matters concerning the Issue.

Limitation of Engagement

It is Issuer’s intent that Stifel serve as an underwriter or placement agent for the Issue, subject to satisfying applicable procurement laws or policies, formal approval by the governing body of Issuer, finalizing the structure of the Issue and executing a bond purchase agreement or placement agent agreement, as applicable. While Issuer presently engages Stifel as the underwriter or placement agent for the Issue, this engagement letter is preliminary, nonbinding and may be terminated at any time by Issuer, without penalty or liability for any costs incurred by Stifel. Furthermore, this engagement letter does not restrict Issuer from entering into the Issue with any other underwriters or placement agents or selecting an underwriting syndicate that does not include Stifel.

Role Disclosure

The Issuer hereby confirms and acknowledges each of the following concerning the role that Stifel would have as an underwriter or placement agent:

- (1) Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 requires underwriters and placement agents to deal fairly at all times with both municipal issuers and investors;
- (2) the underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with Issuer and it has financial and other interests that differ from those of Issuer;
- (3) the placement agent's primary role is to place securities directly with an investor or investors on behalf of the issuer without first purchasing the securities;
- (4) unlike a municipal advisor, the underwriter/placement agent does not have a fiduciary duty to Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of Issuer without regard to its own financial or other interests;

- (5) the underwriter has a duty to purchase securities from Issuer at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- (6) the underwriter will review the official statement for Issuer's securities, in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

Disclosures Concerning the Underwriter's Compensation and Placement Agent Fee

The underwriter will be compensated by a fee and/or underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the Issue. The placement agent will be compensated by a fee agreed upon with the Issuer in connection with the private placement of the Issue. Payment or receipt of the underwriting fee or discount or placement agent fee will be contingent on the closing of the transaction and the amount of the discount or fee may be based, in whole or in part, on a percentage of the principal amount of the Issue. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter or placement agent may have an incentive to recommend to Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Conflicts of Interest

Stifel has not identified any additional potential or actual material conflicts that require disclosure.

Disclosures Relating to Complex Municipal Securities Financing

Since Stifel has not recommended a "complex municipal securities financing" to Issuer, additional disclosures regarding the financing structure for the Issue are not required under MSRB Rule G-17.

However, if Stifel recommends, or if the Issue are ultimately structured in a manner considered "complex municipal securities financings" to the Issuer, this letter will be supplemented to provide disclosure of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and are reasonably foreseeable at that time.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We look forward to working with you and the Successor Agency of the Guadalupe Redevelopment Agency. Thank you.

Sincerely,



Raul Amezcua, *Managing Director*

Issuer accepts and acknowledges the foregoing.
Accepted and Executed:

By: _____
Cruz Ramos, *City Administrator*

Date: _____

July 26, 2017

FROM: Urban Futures, Inc.
Douglas P. Anderson

TO: Cruz Ramos
Executive Director
Successor Agency to the Guadalupe Redevelopment Agency
918 Obispo Street
Guadalupe, CA 93434

RE: Engagement Letter for 2017 Tax Allocation Refunding Bonds

Dear Ms. Ramos,

This letter specifies the terms of the engagement between Urban Futures, Inc., located at 17821 E. 17th Street, Suite 245, Tustin Ca. 92780 and the Successor Agency to the Guadalupe Redevelopment Agency located at 918 Obispo Street, Guadalupe, CA 93434.

This engagement between the Successor Agency to the Guadalupe Redevelopment Agency (the "Successor Agency") and Urban Futures, Inc. shall become effective as of the date of its acceptance as provided below.

Scope of Municipal Advisory Activities to be Performed

Assembling a team that works for the municipality is a key part of the debt issuance process. Among the first to join the team is the municipal advisor. As municipal advisor, Urban Futures, Inc. will successfully perform the following duties.

- Assist in developing the plan of finance and related transaction timetable;
- Identify and analyze financing solutions and alternatives for funding the capital improvement plan;
- Advise on the method of sale, taking into account market conditions and near-term activity in the municipal market;
- Assist in the preparation of any rating agency strategies and presentations;
- Coordinate internal/external accountants, feasibility consultants and escrow agents, as appropriate;

- Assist with the selection of the financing team including underwriters, trustee, bond and disclosure counsel;
- Assist with underwriter compensation issues, syndicate structure and bond allocations;
- Assist with negotiated sales (as applicable), including advice regarding retail order periods and institutional marketing, analysis of comparable bonds and secondary market data, and verify cash flow calculations;
- Assist with competitive bond sales (as applicable), including posting of the notice of sale and preliminary official statement, and preparation of the bid verification, true interest cost (TIC) calculations and reconciliations/verifications of bidding platform calculations, preparation of notice of sale, obtaining CUSIP numbers;
- Prepare and/or review preliminary cash flows/ preliminary refunding analysis;
- Analyze whether to use SLGS, open markets and/or agency securities for purposes of investment of bond proceeds;
- Manage the escrow bids or review SLGs applications for structuring advance refunding escrow;
- Assist in procuring printers, verification agents, etc.;
- Plan and coordinate bond closings;
- Prepare any required post-sale reports of bond sales; and
- Evaluate market conditions and pricing performance of senior manager and co-managers' distribution of bonds.

Independent Registered Municipal Advisor (“IRMA”)

If acting in the capacity of an Independent Registered Municipal Advisor (“IRMA”) with regard to the IRMA exemption of the SEC Rule, Urban Futures, Inc. will review all third party recommendations submitted to Urban Futures, Inc. in writing by the Successor Agency.

Term of Engagement Agreement

The commencement date of the agreement is August 8, 2017 and the end date is one year after the effective date or at the successful close of the transaction, whichever occurs first. Any extensions must be mutually agreed upon by all parties in writing.

Termination of Engagement Agreement

The Successor Agency may terminate the whole or any part of this Agreement at any time and without cause by giving sixty (60) days written notice to Urban Futures, Inc. of such termination, and specifying the effective date thereof. Urban Futures, Inc. shall discontinue all Services affected by such termination within thirty (30) days of receipt of such notice, unless

otherwise instructed by the Successor Agency in writing. Urban Futures, Inc. may terminate this agreement by giving the Successor Agency sixty (60) days written notice.

In the event Services are terminated by the Successor Agency and bonds are successfully issued, Urban Futures Inc. will be compensated pro-rata for services provided up to the termination date.

Compensation and Out-of-Pocket Expenses

Compensation for the municipal advisory activities to be performed for this engagement is contingent upon the successful sale on bonds.

For the subject transaction, the fee for financial advisory services is \$39,500. In addition to the fee amount, Urban Futures shall be reimbursed expenses in an amount not to exceed \$2,500. Expense reimbursements will cover the following:

- Mandatory SEC/MSRB Compliance Requirements & Reporting
- Data Services (Bloomberg, Thompson Reuters, DBC)
- Travel (mileage, airfare, hotels, etc.)

Fiduciary Duty

Urban Futures, Inc. is registered as a Municipal Advisor with the Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB"). As such, Urban Futures, Inc. has a Fiduciary Duty to the Successor Agency and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care:

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the Successor Agency with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the Successor Agency's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Successor Agency; and
- d) undertake a reasonable investigation to determine that Urban Futures, Inc. is not forming any recommendation on materially inaccurate or incomplete information; Urban Futures, Inc. must have a reasonable basis for:
 - i. any advice provided to or on behalf of the Successor Agency;
 - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Successor Agency, any other party involved in the

- municipal securities transaction or municipal financial product, or investors in the Successor Agency securities; and
- iii. any information provided to the Successor Agency or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

Urban Futures, Inc. must deal honestly and with the utmost good faith with the Successor Agency and act in the Successor Agency's best interests without regard to the financial or other interests of Urban Futures, Inc. Urban Futures, Inc. will eliminate or provide full and fair disclosure (included herein) to the Successor Agency about each material conflict of interest (as applicable). Urban Futures, Inc. will not engage in municipal advisory activities with the Successor Agency as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Successor Agency's best interests.

Conflicts of Interest and Other Matters Requiring Disclosures

- As of the date of the Agreement, there are no material conflicts of interest that Urban Futures, Inc. is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. Urban Futures, Inc. represents that in connection with the issuance of municipal securities, Urban Futures, Inc. may receive compensation from the Successor Agency or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, Urban Futures, Inc. hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Urban Futures, Inc.'s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair Urban Futures, Inc.'s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Successor Agency. If Urban Futures, Inc. becomes aware of any potential conflict of interest that arises after this disclosure, Urban Futures, Inc. will disclose the detailed information in writing to the Successor Agency in a timely manner.
- The fee paid to Urban Futures, Inc. increases the cost of investment to the Successor Agency. The increased cost occurs from compensating Urban Futures, Inc. for municipal advisory services provided.
- Urban Futures, Inc. does not act as principal in any of the transaction(s) related to this Agreement.
- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms

or information within this agreement and the revised writing will be promptly delivered to the Successor Agency.

- Urban Futures, Inc. does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by Urban Futures, Inc.;
- Urban Futures, Inc. has not made any payments directly or indirectly to obtain or retain the Successor Agency's municipal advisory business;
- Urban Futures, Inc. has not received any payments from third parties to enlist Urban Futures, Inc. recommendation to the Successor Agency of its services, any municipal securities transaction or any municipal finance product;
- Urban Futures, Inc. has not engaged in any fee-splitting arrangements involving Urban Futures, Inc. and any provider of investments or services to the Successor Agency;
- Urban Futures, Inc. does not have any other engagements or relationships that might impair Urban Futures, Inc.'s ability either to render unbiased and competent advice to or on behalf of the Successor Agency or to fulfill its fiduciary duty to the Successor Agency, as applicable; and
- Urban Futures, Inc. does not have any legal or disciplinary event that is material to the Successor Agency's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

Legal Events and Disciplinary History

Urban Futures, Inc. does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Successor Agency may electronically access Urban Futures, Inc.'s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Recommendations

If Urban Futures, Inc. makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Successor Agency and is within the scope of the engagement, Urban Futures, Inc. will determine, based on the information obtained through reasonable diligence of Urban Futures, Inc. whether a municipal securities transaction or municipal financial product is

suitable for the Successor Agency. In addition, Urban Futures, Inc. will inform the Successor Agency of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which Urban Futures, Inc. reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Successor Agency; and
- whether Urban Futures, Inc. has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Successor Agency's objectives.

If the Successor Agency elects a course of action that is independent of or contrary to the advice provided by Urban Futures, Inc., Urban Futures, Inc. is not required on that basis to disengage from the Successor Agency.

Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, Urban Futures, Inc. is required to maintain in writing, all communication and created documents between Urban Futures, Inc. and the Successor Agency for 5 years.

If there are any questions regarding the above, please do not hesitate to contact Urban Futures, Inc. If the foregoing terms meet with your approval, please indicate your acceptance by executing both copies of this letter and returning one copy.

Sincerely,



Douglas P. Anderson
Managing Principal
Urban Futures, Inc.

Successor Agency to the Guadalupe Redevelopment Agency

By: _____
Cruz Ramos, Executive Director

7a.

**REPORT TO THE GUADALUPE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY
OF GUADALUPE
Agenda of August 16, 2017**



Prepared by:
Annette Munoz, Finance Director



Approved by:
Cruz Ramos, City Administrator

SUBJECT: Debt Management Policy

RECOMMENDATION: That the Oversight Board review and consider adoption of OB Resolution No. 2017-04 "A Resolution of the Guadalupe Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Guadalupe, California Approving the Debt Management Policy."

BACKGROUND:

California Government Code section 8855(i) requires any issuer of public debt to provide the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the sale of any debt issue a report of the proposed issuance. Effective January 1, 2017, issuers must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed issuance is consistent with those policies.

The issuer's local debt policy must include, Purposes for which Debt may be used, Types of Debt Issued, Relationship of Debt to Capital Improvement Program and Budget, Policy Goals Related to City's Planning Goals and Objectives and Internal Control Procedures That the City has Implemented or Will.

FISCAL IMPACT:

None

Attachment:
OB Resolution 2017-04
Exhibit "A" Debt Management Policy

OVERSIGHT BOARD RESOLUTION NO. 2017-04

A RESOLUTION OF THE GUADALUPE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY APPROVING THE SUCCESSOR AGENCY DEBT MANAGEMENT POLICY

WHEREAS, the Successor Agency to the Guadalupe Community Redevelopment Agency (the “Successor Agency”) recognizes that cost-effective access to the capital markets depends on prudent management of the Successor Agency’s debt program; and

WHEREAS, Government Code section 8855(i) requires any issuer of public debt to provide to California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the sale of any debt issue a report of the proposed issuance (the “Report of Proposed Debt Issuance”), and must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed debt issuance is consistent with those policies (the “CDIAC Requirements”); and

WHEREAS, the Successor Agency wishes to set parameters for issuing debt, managing the debt portfolio and providing guidance to decision makers; and

WHEREAS, the Successor Agency finds and determines that adoption of the attached Debt Management Policy (the “Debt Management Policy”) will help ensure that debt is issued and managed prudently in order to maintain sound fiscal policy, and is in compliance with the CDIAC Requirements; and

NOW, THEREFORE, BE IT RESOLVED that the Board orders and determines as follows:

Section 1. Recitals. The Successor Agency hereby specifically finds and declares that each of the recitals set forth above are true and correct and are hereby incorporated in conjunction with the respective staff report.

Section 2. Approval of the Debt Management Policy. This Successor Agency hereby declares that the proposed Debt Management Policy attached hereto, is hereby approved as the Successor Agency to the Guadalupe Community Redevelopment Agency Debt Management Policy to be effective upon adoption of this Resolution.

Section 3. Approval of the Debt Management Policy. That the issuance of new debt functions is delegated to the Finance Director’s Office and the approved Debt Financing Team as set forth in the Debt Management Policy, with final authorization of such new debt by the Successor Agency and Boards of Directors as applicable.

Section 4. Authorization to Manage Debt Issuance Functions. The Finance Director or a designee, is hereby authorized to manage debt issuance functions for the Successor Agency in accordance with the Debt Management Policy.

Section 5. Severability. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Section 7. This Resolution shall take effect from and after its date of adoption.

PASSED, APPROVED AND ADOPTED at a special meeting of the Oversight Board held on the 16th day of August, 2017.

OVERSIGHT BOARD

Hugo Lara, Chair

ATTEST

I, Annette Munoz, Secretary of the Oversight Board, **DO HEREBY CERTIFY** that the foregoing OB Resolution No. 2017-04 was passed and adopted by the Guadalupe Oversight Board at a special meeting held on the 16th day of August, 2017 and that it was so adopted by the following roll call vote:

MOTION:

AYES:

NOES:

ABSTAIN:

ABSENT:

Annette Munoz, Oversight Board Secretary

CITY OF GUADALUPE, CALIFORNIA
SUCCESSOR AGENCY TO THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY
DEBT MANAGEMENT POLICY

INTRODUCTION

The purpose of this Debt Management Policy ("Debt Policy") is to organize and formalize debt issuance and management related policies and procedures for the Successor Agency to the Guadalupe Community Redevelopment Agency (the "Successor Agency"). The debt policies of the Successor Agency are subject to and limited by applicable provisions of state and federal law and to prudent debt management principles.

When used in this Policy, "debt" refers to all indebtedness and financing lease and installment purchase obligations.

DEBT POLICY OBJECTIVE

The primary objectives of the Successor Agency's debt and financing related activities are to

- Maintain cost-effective access to the capital markets through prudent fiscal management policies and practices;
- Minimize debt service commitments through effective planning and cash management;
- Ensure the Successor Agency is in compliance with all applicable federal and state securities laws; and
- Achieve the highest practical credit ratings.

This Debt Policy is intended to comply with Government Code Section 8855(i), and is applicable to the Successor Agency.

BACKGROUND/DISCUSSION

Government Code section 8855(i) requires any issuer of public debt to provide the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the sale of any debt issue a report of the proposed issuance. Effective January 1, 2017, issuers must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed issuance is consistent with those policies. The issuer's local debt policies must include the following:

A. Purposes For Which Debt May Be Used

Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the Successor Agency.

- (a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the Successor Agency.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The Successor Agency may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the Successor Agency.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The Successor Agency estimates that sufficient revenues will be available to service the debt through its maturity.
- The Successor Agency determines that the issuance of the debt will comply with the applicable state and federal law.

Short-term debt. Short-term debt may be issued to provide financing for the Successor Agency's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the Successor Agency may undertake lease-purchase financing for equipment.

Financings on Behalf of Other Entities. The Successor Agency may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the Successor Agency. In such cases, the Successor Agency shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt Issued

The following types of debt are allowable under this Debt Policy:

- general obligation and revenue bonds
- lease revenue bonds and lease-purchase transactions
- certificates of participation
- bank and direct private placement loans
- Commercial paper

- bond or grant anticipation notes
- tax and revenue anticipation notes
- land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- tax increment financing to the extent permitted under state law
- conduit financings, such as financings for affordable rental housing and qualified 501 c3 organizations

The Successor Agency may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed rate debt unless the Successor Agency makes a specific determination as to why a variable rate issue would be beneficial to the Successor Agency in a specific circumstance.

C. Relationship of Debt to Capital Improvement Program and Budget

The Successor Agency is committed to long-term capital planning. The Successor Agency intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the Successor Agency's capital budget and the capital improvement plan.

The Successor Agency shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The Successor Agency shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The Successor Agency shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the Successor Agency's public purposes.

The Successor Agency shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The Successor Agency shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

D. Policy Goals Related to Successor Agency's Planning Goals and Objectives

The Successor Agency is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The Successor Agency intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the Successor Agency's annual operations budget.

It is a policy goal of the Successor Agency to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if

applicable) and the lowest practical borrowing costs.

The Successor Agency will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the Successor Agency to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

E. Internal Control Procedures That the Successor Agency Has Implemented or Will

When issuing debt, in addition to complying with the terms of this Debt Policy, the Successor Agency shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The Successor Agency will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12;
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues; and
- the Successor Agency's investment policies as they relate to the investment of bond proceeds.

Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the Successor Agency will submit written requisitions for such proceeds. The Successor Agency will submit a requisition only after obtaining the signature of the Finance Director/Treasurer or Executive Director. In those cases, where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Finance Director/Treasurer of the City shall retain records of all expenditures of proceeds through the final payment date for the debt.

Ea.

**REPORT TO THE GUADALUPE OVERSIGHT BOARD OF THE SUCCESSOR
AGENCY OF THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY
Agenda of August 16, 2017**



Prepared by:
Annette Munoz, Finance Director
Don Hunt, Bond & Disclosure Counsel

SUBJECT:

Consideration of Oversight Board Resolution No. 2017-05 Authorizing the Issuance of Taxable Tax Allocation Revenue Refunding Bonds and Approving an Indenture, a Bond Purchase Agreement and a form of Continuing Disclosure Agreement and Authorizing Certain Actions Relating Thereto.

RECOMMENDATION:

Staff recommends that the Oversight Board consider and approve Resolution No. 2017-05, approving the issuance of taxable tax allocation revenue refunding bonds to achieve debt service savings in accordance with Section 34177.5 of the Health and Safety Code, at a form of Indenture, and a form of Continuing Disclosure Agreement, and Escrow Agreement authorize the Executive Director to execute the documents with the financing team members on behalf of the Successor Agency upon the sale of the Bonds to the Underwriter, and authorize the preparation of all necessary documents for the issuance of the bonds to accomplish the refinancing of the 2003 Series Bonds.

BACKGROUND:

The documents being considered for approval will allow the refinancing of the 2003 Series Bonds to proceed to completion.

FISCAL IMPACT:

The proposed refunding of the 2003 Bonds will result in a gross cash flow savings of approximately \$696,000, which represents a net present value savings of approximately \$71,800.

OVERSIGHT BOARD RESOLUTION NO. 2017-05

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY APPROVING A RESOLUTION OF THE SUCCESSOR AGENCY TO THE GUADALUPE COMMUNITY REDEVELOPMENT AGENCY AND CERTAIN ACTIONS RELATING THERETO

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

WHEREAS, the Predecessor Agency previously issued its \$6,455,000 Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2003 (the “2003 Bonds”), for the purpose of refunding its outstanding Redevelopment Agency Tax Allocation Refunding Bonds, Series 2003; and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 to, *inter alia*, dissolve existing redevelopment agencies, including the Predecessor Agency; and

WHEREAS, the California Supreme Court substantially upheld the provisions of ABx1 26 on December 29, 2011, resulting in the dissolution of the Predecessor Agency on February 1, 2012; and

WHEREAS, the Successor Agency of the Guadalupe Community Redevelopment Agency (the “Successor Agency”) desires to achieve debt service savings in accordance with ABx1 26 and AB 1484 and therefor assist the local taxing entities by refunding the 2003 Bonds with the proceeds of its Successor Agency of the Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017 (Taxable) (the “2017 Refunded Bonds”); and

WHEREAS, on June 27, 2012, AB 1484 was adopted and specifically authorizes the issuance of refunding bonds by the Successor Agency under the authority of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and provides in Section 34177.5(a)(1) of the Health and Safety Code of the State of California that “[t]he successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of such refunding bonds or other indebtedness, shall have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding and enforceable in accordance with its terms”;

WHEREAS, AB 1484 specifically provides in Section 34177.5(g) of the Health and Safety Code that “[a]ny bonds . . . authorized by [Section 34177.5] shall be considered

indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds . . . had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the Community Redevelopment Law that existed prior to that date . . .”; and

WHEREAS, the Oversight Board to the Successor Agency (the “Board”) hereby finds that issuance and delivery of the Bonds is desirable and is in the best interests of the Successor Agency and the taxing entities.

NOW THEREFORE, the Board resolves as follows:

Section 1. Findings. Based upon the staff report as presented in connection with this matter, the Board hereby finds and determines that the recitals hereto are true and correct.

Section 2. Approval and Direction. The Board hereby approves the Resolution of the Successor Agency attached hereto in Exhibit A (the “Successor Agency Resolution”) and directs the Successor Agency to implement the purposes of the Successor Agency Resolution to achieve debt service savings with respect to the 2017 Refunded Bonds in accordance with the provisions of Section 34177.5(a)(1) of the Health and Safety Code.

Section 3. Determinations by the Board. As requested by the Successor Agency in the Successor Agency Resolution, the Board hereby makes the determinations contained in Section 4 of the Successor Agency Resolution with respect to the 2017 Refunded Bonds as though they were each fully set forth herein, and the Successor Agency shall rely upon such determinations in undertaking the refunding proceedings and the issuance, sale and delivery of the 2017 Refunded Bonds.

Section 4. Severability. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 5. Effective Date. Pursuant to Health and Safety Code Section 34177(f) and Section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the California Department of Finance unless the California Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the California Department of Finance.

[Remainder of Page Intentionally Left Blank]

The foregoing Resolution was duly and regularly adopted at a regular meeting of the Oversight Board held on August 16, 2017, by the following vote:

MOTION:
AYES:
NOES:
ABSENT:
ABSTAIN:

Hugo Lara, Chair

ATTEST:

Annette Munoz, Oversight Board Secretary

EXHIBIT A
SUCCESSOR AGENCY RESOLUTION

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of _____ 1, 201__ (this “Escrow Agreement”), is made between the Successor Agency to Guadalupe Community Redevelopment Agency (the “Successor Agency”) and U.S. Bank National Association, as escrow agent hereunder (the “Escrow Agent”).

WITNESSETH:

WHEREAS, pursuant to an Indenture, dated as of March 1, 2003 (the “Prior Indenture”), by and between the Guadalupe Community Redevelopment Agency (the “Predecessor Agency”) and U.S. Bank National Association, as trustee (the “Prior Trustee”), the Predecessor Agency issued its \$6,455,000 principal amount of Guadalupe Community Redevelopment Agency Guadalupe Redevelopment Project Tax Allocation Refunding Bonds, currently outstanding in the aggregate principal amount of \$_____ (the “Series 2003 Bonds”); and

WHEREAS, the \$_____ Successor Agency to Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 201__ (the “Series 201__ Bonds”) are being issued pursuant to an Indenture, dated as of _____ 1, 201__, by and between the Successor Agency and the Trustee, for the purpose of, among other things, refunding all of the outstanding Series 2003 Bonds (the “Refunded Bonds”), by providing funds sufficient, together with other moneys, to redeem on _____ (the “Redemption Date”) the Refunded Bonds at a redemption price equal to 100% of the principal amount of the Refunded Bonds to be redeemed on the Redemption Date plus accrued and unpaid interest to the Redemption Date; and

WHEREAS, to accomplish the refunding of the Refunded Bonds in accordance with Section 2.03(a) of the Prior Indenture, the Successor Agency will deposit, or cause to be deposited, with the Escrow Agent a portion of the proceeds of the Series 2017 Bonds, together with available moneys under the Prior Indenture, in accordance with this Escrow Agreement; and

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the County and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The Successor Agency hereby irrevocably causes to be deposited with the Escrow Agent \$_____ in immediately available funds comprised of a portion of the net proceeds of the sale of the Series 201__ Bonds (in the amount of \$_____) and funds released from the reserve relating to the Refunded Bonds (in the amount of \$_____), to be invested (except for \$_____, which shall remain uninvested in cash) only in obligations permitted by Section ___ of the Prior Indenture (the “Defeasance Securities”), as more specifically described in Schedule I hereto, in irrevocable escrow by the Escrow Agent, separate and apart from other funds of the Successor Agency and the Escrow Agent, in a fund hereby created and established to be known as the “Escrow Fund” and to be

applied solely as provided in this Escrow Agreement. Capitalized terms, used and not defined herein shall have the meanings ascribed to such terms in the Prior Indenture.

The Successor Agency hereby directs the Escrow Agent to apply amounts in the Escrow Fund (except for \$____, which shall remain uninvested in cash) to purchase, on _____ (the "Closing Date"), the Defeasance Securities described in Schedule I hereto. The moneys and Defeasance Securities described in Schedule I are at least equal to an amount sufficient to redeem the Refunded Bonds on the Redemption Date at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest to the Redemption Date, as set forth in Schedule II hereto. The sufficiency of the moneys and Defeasance Securities to pay such debt service and redeem the Refunded Bonds on the Redemption Date has been verified in a report prepared by _____ dated the Closing Date.

SECTION 2. Redemption of Refunded Bonds.

(a) Redemption of Refunded Bonds. From the moneys on deposit in the Escrow Fund, the Escrow Agent shall redeem the Refunded Bonds on the Redemption Date at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest to the Redemption Date. Any moneys remaining in the Escrow Fund after payment of the principal of and interest on the Refunded Bonds in full as provided herein shall be repaid by the Escrow Agent to the Successor Agency.

(b) Irrevocable Instructions to Provide Notice.

(i) The Escrow Agent is hereby instructed to mail (by first-class mail, postage prepaid) on _____, notice of redemption and defeasance to the owners of the Refunded Bonds and the Securities Depositories containing the information prescribed in Section 2.3(c) of the Prior Indenture, substantially in the form set forth in Exhibit A attached hereto.

(ii) The Escrow Agent is hereby further instructed to post a copy of such notices, when mailed, to the Information Services, as provided in Section 2.3(c) of the Prior Indenture. In addition, a copy of such notice shall be posted by the Escrow Agent to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system at www.emma.msrb.org.

(c) Unclaimed Moneys. Subject to the laws of the State of California, any moneys which remain unclaimed for two (2) years after the date when such moneys have become due and payable, shall be repaid by the Escrow Agent (without liability for interest) to the Successor Agency as its absolute property and free from trust, and the Escrow Agent shall thereupon be released and discharged with respect thereto and the owners of Refunded Bonds shall look only to the Successor Agency for the payment thereof; provided, however, that before being required to make any such payment to the Successor Agency, the Escrow Agent shall, at the expense of the Successor Agency, cause to be mailed to the owners of the Refunded Bonds, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the Successor Agency.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a lien on moneys in the Escrow Fund, including any redemption premium thereon, in accordance with this Escrow Agreement until such moneys and such securities are used and applied as provided in this Escrow Agreement.

(e) Substitution and Reinvestment of Defeasance Securities.

(i) Upon the written direction of the Chairperson or Executive Director of the Successor Agency, or their respective designees (each an “Authorized Representative”), subject to the conditions and limitations set forth in Subsection (e)(iii) below, the Escrow Agent shall sell, transfer and request the redemption of or otherwise dispose of the Defeasance Securities described in Schedule I hereto; provided, that subject to Subsection (e)(iii) below, there are substituted therefor and delivered to the Escrow Agent other Defeasance Securities.

(ii) Upon the written direction of an Authorized Representative of the Successor Agency, subject to the conditions and limitations set forth in Subsection (e)(iii) below, the Escrow Agent shall reinvest cash balances in the Escrow Fund in Defeasance Securities as set forth below; provided, that any such securities purchased pursuant to this Subsection shall mature on such other date or dates necessary to meet the requirements of Section 2(a), as certified by a nationally recognized firm of independent certified public accountants.

(iii) The Successor Agency, by these Escrow Instructions, hereby covenants and agrees that it will not request the Escrow Agent to exercise any of the powers described in Subsections (e)(i) or (e)(ii) above in any manner that would adversely affect the tax-exempt status of the Refunded Bonds. Any purchase of substitute securities by the Escrow Agent shall be accomplished in accordance with Subsections (e)(i) above to the extent that such purchases are to be made with the proceeds derived from the sale, transfer, redemption or other disposition of the Defeasance Securities. Such sale, transfer, redemption or other disposition of the Defeasance Securities and such substitution or reinvestment may be effected only by a simultaneous transaction and only if (i) a nationally recognized firm of independent certified public accountants shall certify that (a) such substitute securities or reinvested securities (after such reinvestment), together with the Defeasance Securities and cash which will continue to be held in the Escrow Fund, will mature in such principal amounts and earn interest in such amounts and at such times so that sufficient monies will be available from such maturing principal and interest to pay, as the same become due, without any further investment, all principal of and interest on the Refunded Bonds that has not previously been paid, and (b) the amounts and dates of the anticipated payments by the Escrow Agent of the principal of and interest on the Refunded Bonds will not be diminished or postponed thereby, and (ii) the Successor Agency and the Escrow Agent shall have received an Opinion of Bond Counsel to the effect that the sale, transfer, redemption, reinvestment or other disposition and substitution of such Defeasance Securities, as provided in this Subsection (e)(iii) does not cause interest on the Refunded Bonds to be included in gross income for purposes of federal income taxation under relevant provisions of the Internal Revenue Code of 1986.

SECTION 3. Resignation and Removal of Escrow Agent. The Escrow Agent may at any time resign and be discharged of the duties and obligations hereunder by giving at least thirty (30) days' notice to the Successor Agency. The Escrow Agent may be removed with thirty (30) days' prior notice by an instrument in writing signed by the Successor Agency. In either such event, the Successor Agency shall appoint a successor escrow agent by an instrument in writing. Any such resignation or removal shall become effective upon acceptance of appointment of a successor escrow agent. If a successor Escrow Agent is not appointed within thirty (30) days of the resignation or removal of the Escrow Agent, the retiring Escrow Agent may petition a court of competent jurisdiction for the appointment of a successor.

SECTION 4. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 5. Escrow Agent's Authority to Make Investments. Except as expressly provided in Sections 1 and 2(e) hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer or otherwise dispose of the moneys held hereunder.

SECTION 6. Indemnity. The Successor Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees, directors, officers and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the Successor Agency or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the Successor Agency shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the willful breach by the Escrow Agent of the terms of this Escrow Agreement. In no event shall the Successor Agency or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

SECTION 7. Responsibilities of Escrow Agent. The Escrow Agent and its employees, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys, the sufficiency of the moneys held in the Escrow Fund to pay the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Successor Agency, and the Escrow Agent assumes no responsibility for the correctness thereof.

The Escrow Agent makes no representation as to the sufficiency of the moneys held in the Escrow Fund to accomplish the refunding of the Refunded Bonds or to the validity of this Escrow Agreement as to the Successor Agency and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Successor Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Successor Agency. Notwithstanding anything in this Escrow Agreement to the contrary, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of such loss or damage and regardless of the form of action. No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval 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 Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the Successor Agency shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions

("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Successor Agency whenever a person is to be added or deleted from the listing. If the Successor Agency elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The Successor Agency understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Successor Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Successor Agency and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Successor Agency. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Successor Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Successor Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

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

The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Escrow Agreement.

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 Escrow

Agent will furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

SECTION 8. Amendments. This Escrow Agreement is made for the benefit of the Successor Agency and the owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the Successor Agency; provided, however, that the Successor Agency and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not materially adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Escrow Agreement or the applicable document pursuant to which such Refunded Bonds were issued, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement and (ii) to include under this Escrow Agreement additional funds, securities or properties. The Escrow Agent shall be entitled to rely conclusively upon an opinion of nationally recognized municipal bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 9. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Escrow Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 2(c) of this Escrow Agreement.

SECTION 10. Compensation. The Escrow Agent shall receive its reasonable fees and expenses (including legal fees and expenses) as previously agreed to by the Escrow Agent and the Successor Agency; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement.

SECTION 11. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Successor Agency or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 12. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 13. Governing Law. THIS ESCROW AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 14. Insufficient Funds. If at any time the moneys in the Escrow Fund will not be sufficient to make all payments required by this Escrow Agreement, the Escrow Agent shall notify the Successor Agency in writing, immediately upon becoming aware of such deficiency, of the amount thereof and the reason therefor, if known. The Escrow Agent shall have no further responsibility regarding any such deficiency.

[Remainder of page intentionally left blank.]

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

SUCCESSOR AGENCY TO GUADALUPE
COMMUNITY REDEVELOPMENT AGENCY

By _____
Authorized Representative

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By _____
Authorized Officer

SCHEDULE I
DEFEASANCE SECURITIES

(See attached.)

SCHEDULE II
ESCROW REQUIREMENTS
FOR
REFUNDED BONDS

(See attached.)

EXHIBIT A

NOTICE OF FULL REDEMPTION AND DEFEASANCE

**Guadalupe Community Redevelopment Agency
Tax Allocation Refunding Bonds
Series 2003**

NOTICE IS HEREBY GIVEN pursuant to the terms of the Indenture, dated as of March 1, 2003 (the "Indenture"), by and between the Guadalupe Community Redevelopment Agency and U.S. Bank National Association (the "Trustee"), that the above-captioned bonds have been selected by the Successor Agency to Guadalupe Community Redevelopment Agency (the "Successor Agency") for redemption on _____ (the "Redemption Date") at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest to the Redemption Date. The Refunded Bonds were originally issued on April 3, 2003.

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>(Base No. 105686)*</u>	<u>Bond No.</u>
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Pursuant to the Indenture, payment of the redemption price on the Bonds called for redemption will be paid upon presentation of the Bonds in the following manner:

If by First Class/Registered/Certified Mail: *Express Delivery Only:* *By Hand Only:*

BONDHOLDER'S COMMUNICATIONS: 800-254-2826

Interest with respect to the principal amount of the Bonds designated to be redeemed shall cease to accrue on and after the Redemption Date.

IMPORTANT NOTICE

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), 28% will be withheld if tax identification number is not properly certified.

** The undersigned shall not be held responsible for the selection or use of CUSIP numbers, nor is any representation made as to their correctness indicated in this Notice. They are included solely for the convenience of the Owners.*

Dated: _____

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Successor Agency to the Guadalupe Community Redevelopment Agency (the "Successor Agency") and _____, as dissemination agent (the "Dissemination Agent"), in connection with the issuance of \$_____ aggregate principal amount of Successor Agency to the Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 201__ (the "Bonds"). The Bonds are being issued by the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"). The Successor Agency and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Successor Agency for the benefit of the Owners and Beneficial Owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Section 3 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

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

"Dissemination Agent" shall mean initially, _____, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Successor Agency, and which has filed with the Successor Agency a written acceptance of such designation, with a copy to the Trustee.

"EMMA" shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

"Fiscal Year" shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the Successor Agency, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to the

Rule. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated ____, 2017, relating to the Bonds.

“Owner” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision and contents of Annual Reports

(a) Not later than March 31 of each year, commencing with March 31, 201__, the Successor Agency shall cause the Dissemination Agent to provide the MSRB, through EMMA, with a written report that shall include the following information:

- The assessed values of the Project Area included in the Official Statement in a similar format as provided in the Official Statement under “THE PROJECT AREA – Historical Tax Revenues for the Project Area”;
- The list of top ten largest taxpayers in the Project Area included in a similar format as provided in the Official Statement;
- For the current Fiscal Year, the information regarding Pledged Tax Revenues in a similar format as the information provided in the Official Statement under “THE PROJECT AREA – Projected Pledged Tax Revenues for the Project Area”;
- The Debt Service Coverage on the Bonds for the current Fiscal Year;
- The total amount of Pledged Tax Revenues deposited into the Redevelopment Property Tax Trust Fund by the County Auditor-Controller since the previous December 1.

(b) So long as any Bonds remain outstanding, the Successor Agency shall, or shall cause the Dissemination Agent to, not later than March 31 of each year, commencing with March 31, 201___ provide to the MSRB, through EMMA, a postaudit of the financial transactions and records of the Successor Agency for the Fiscal Year. If the Successor Agency's postaudit is not available by the time such postaudit is required to be filed pursuant to this Section 3(b), an unaudited statement of financial transactions and records of the Successor Agency in a format required by Section 34177(n) of the Health and Safety Code shall be provided to the Dissemination Agent, and the postaudit shall be filed in the same manner as the Annual Report when they have become available. The postaudit may be included in the annual financial statements of the City of Guadalupe or may be a separate document.

(c) Not later than March 15 of each year, the Successor Agency shall provide the Dissemination Agent with the portion of the Annual Report identified in Section 3(a) of this Disclosure Agreement. Not later than 15 Business Days prior to the date specified in Section 3(b) for providing the postaudit to the MSRB, through EMMA, the Successor Agency shall provide the Dissemination Agent with the postaudit identified in Section 3(b). If by either such date, the Dissemination Agent has not received a copy of the relevant portion of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with Section 3(a) or Section 3(b), as applicable. The Successor Agency shall provide a written certification with each portion of the Annual Report furnished to the Dissemination Agent with a copy to the Trustee (if not the Dissemination Agent) to the effect that such portion of the Annual Report constitutes the relevant portion of Annual Report required to be furnished by it hereunder. The Dissemination Agent and the Trustee may conclusively rely upon such certification of the Successor Agency and shall have no duty or obligation to review such Annual Report.

(d) The Annual Report must be submitted in electronic format, accompanied by such identifying information as provided by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3(e) of this Disclosure Agreement. If the Fiscal Year changes for the Successor Agency, the Successor Agency shall give notice of such change in the manner provided under Section 5(e) hereof.

(e) Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the Successor Agency or related public entities, available to the public on EMMA or filed with the SEC. The Successor Agency shall clearly identify each such other document so included by reference.

(f) The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the Successor Agency to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Successor Agency or to reflect changes in the business, structure, operations, legal form of the Successor Agency; provided that any such modifications shall comply with the requirements of the Rule.

(g) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) or (b), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(h) The Dissemination Agent shall:

- (i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB prior to the date for providing the Annual Reports: and
- (ii) to the extent known to the Dissemination Agent file a report with the Successor Agency and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Reserved.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not more than ten (10) Business Days after the event:

- (i) principal and interest payment delinquencies;
- (ii) defeasances;
- (iii) tender offers;
- (iv) rating changes;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 570I-TEB);
- (vi) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (vii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (viii) substitution of credit or liquidity providers or their failure to perform; or
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

For these purposes, any event described in the immediately preceding clause (ix) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent,

or similar officer for the Successor Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Successor Agency.

(b) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) the consummation of a merger, consolidation or acquisition involving the Successor Agency or the sale of all or substantially all of the assets of the Successor Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions;

(ii) appointment of a successor or additional Trustee or the change of the name of a Trustee;

(iii) non-payment related defaults;

(iv) modifications to the rights of Owners;

(v) Bond calls;

(vi) release, substitution or sale of property securing repayment of the Bonds; or

(vii) in addition to the adverse tax opinions or determinations of taxability described in Section 5(a)(5) above, any other notices or determinations with respect to the tax status of the Bonds.

(c) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5, the Successor Agency shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the Successor Agency determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, the Successor Agency shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to EMMA in a timely manner not more than ten (10) Business Days after the event.

(e) If the Dissemination Agent has been instructed by the Successor Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

SECTION 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all Outstanding Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. Dissemination Agent. The Successor Agency/may, from time to time, appoint or engage a Dissemination Agent to assist it in earning out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be _____.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Successor Agency may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Successor Agency to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Successor Agency shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Successor Agency or the Dissemination Agent (if the Dissemination Agent is other than the Successor Agency) to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of outstanding Bonds with indemnification satisfactory to it, shall), or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency or the Dissemination Agent (if the Dissemination Agent is other than the Successor Agency), as the case may be, to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Successor Agency or the

Dissemination Agent (if the Dissemination Agent is other than the Successor Agency) to comply with this Disclosure Agreement shall be an action to compel performance. The Trustee shall not owe any fiduciary duty to the Participating Underwriter nor shall its failure to comply with the request of any Participating Underwriter result in a breach of any of its fiduciary duties owed to the Owners.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. If the Trustee performs the duties assigned to it hereunder, the Dissemination Agent shall not be responsible to any person for any failure by the Successor Agency or the Dissemination Agent (if other than the Trustee) to perform duties or obligations imposed hereby. The Dissemination Agent shall have the same rights and protections hereunder as accorded to the Trustee under the Indenture. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Successor Agency. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Agreement, and has no liability to any person, including any owner of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Successor Agency shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Successor Agency.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Successor Agency, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent shall be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed and construed in accordance with the laws of the State.

SECTION 15. Counterparts. This Disclosure Agreement 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.

Dated: _____, 201__

SUCCESSOR AGENCY TO GUADALUPE
COMMUNITY REDEVELOPMENT AGENCY

By _____
Chairperson

_____, as Dissemination Agent

By _____
Authorized Representative

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: Successor Agency to Guadalupe Community Redevelopment
"Successor Agency")

Name of Bond Issue: \$_____ aggregate principal amount of Successor Agency to
Guadalupe Community Redevelopment Agency Tax Allocation
Refunding Bonds, Series 201__ (the "Bonds")

Date of Issuance: _____, 201__

NOTICE IS HEREBY GIVEN that the Successor Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated _____, 201__, with respect to the Bonds. [The Successor Agency anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__

_____, as Dissemination,
on behalf of the Successor Agency

INDENTURE

Dated as of _____, 2017

by and between the

SUCCESSOR AGENCY TO GUADALUPE
COMMUNITY REDEVELOPMENT AGENCY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Relating to

\$ _____
Successor Agency to Guadalupe Community
Redevelopment Agency
Tax Allocation Refunding Bonds,
Series 2017 (Taxable)

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INDENTURE

THIS INDENTURE is dated as of _____, 2017 (this "Indenture"), by and between the SUCCESSOR AGENCY TO GUADALUPE COMMUNITY REDEVELOPMENT AGENCY, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

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

WHEREAS, the Redevelopment Plan for the City of Guadalupe, California (the "City") Redevelopment Project Area No. 1 (the "Redevelopment Plan") was approved by Ordinance No. 85-263 adopted by the City Council of the City on December 19, 1985;

WHEREAS, the Predecessor Agency previously issued its \$6,455,000 principal amount of Guadalupe Community Redevelopment Agency Guadalupe Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2003 (the "Refunded Bonds"), currently outstanding in the aggregate principal amount of \$4,885,000, for the purpose of refinancing certain redevelopment projects of the Predecessor Agency for the benefit of the Redevelopment Project Area; and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 to, *inter alia*, dissolve existing redevelopment agencies, including the Predecessor Agency; and

WHEREAS, the California Supreme Court substantially upheld the provisions of ABx1 26 on December 29, 2011, resulting in the dissolution of the Predecessor Agency on February 1, 2012; and

WHEREAS, under the provisions of ABx1 26, the City became the Successor Agency to the Predecessor Agency for the purpose of paying certain enforceable obligations, including the Refunded Bonds, and winding up the affairs of the Predecessor Agency pursuant to ABx1 26;

WHEREAS, Section 34173 of the Health and Safety Code provides that "[a] successor agency is a separate public entity from the public agency that provides for its governance and the two entities shall not merge. The liabilities of the former redevelopment agency shall not be transferred to the sponsoring entity and the assets shall not become assets of the sponsoring entity";

WHEREAS, the Successor Agency desires to achieve debt service savings in accordance with ABx1 26 and AB 1484 and therefor assist local taxing entities by refunding the Refunded Bonds with the proceeds of its Successor Agency to Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017 (the "Bonds"); and

WHEREAS, the Successor Agency adopted Resolution No. _____ on _____, 2017 approving the issuance of the Bonds and the Oversight Board adopted Resolution _____ OB on _____, 2017 approving the issuance of the Bonds; and

WHEREAS, on _____, 2017, the Department of Finance provided a letter to the Successor Agency stating that based on the Department of Finance's review and application of the law, the Oversight Board Resolution approving the Bonds was approved by the Department of Finance; and

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

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

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

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.1 Findings and Determinations. The Successor Agency has reviewed all proceedings heretofore taken, including all proceedings of the Oversight Board, and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, including but not limited to compliance with all applicable requirements of Section 34177.5 of the Health and Safety Code, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

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

“Act” means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

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

“Authorized Denomination” means \$5,000 and any integral multiple thereof.

“Bond” or “Bonds” means the \$_____ aggregate principal amount of Successor Agency to Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017 (Taxable).

“Bond Counsel” means Norton Rose Fulbright US LLP or a successor thereto or a firm of attorneys acceptable to the Successor Agency of nationally recognized standing in matters pertaining to the exclusion of interest on bonds from the gross income of the holders thereof issued by states and political subdivisions.

“Bond Year” means the twelve (12) month period commencing on _____ of each year, provided that the first Bond Year shall extend from the Delivery Date to and including _____, 2018.

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

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

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

“City” means City of Guadalupe, California.

“Code” means the Internal Revenue Code of 1986.

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

“Corporate Trust Office” means the Corporate Trust Office of the Trustee, or such other or additional offices as may be specified to the Successor Agency by the Trustee in writing.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds including the initial fees and expenses of the Trustee, rating agency fees, verification agent fees, fees and expenses of Bond Counsel and Disclosure Counsel, other legal fees and expenses relating to the approval of the Bonds, this Indenture, other related documents and certificates and matters related thereto, costs of preparing the Bonds and printing the Official Statement, fees of financial consultants, redevelopment consultants, bond insurance or surety premium, if any, and other fees and expenses set forth in a Written Certificate of the Successor Agency.

“Costs of Issuance Fund” means the Fund by that name established in Section 4.4 hereof.

“County” means the County of Santa Barbara, California.

“Debt Service Coverage” means, for each Bond Year, Pledged Tax Revenues divided by Annual Debt Service.

“Defeasance Securities” means, subject to Section 9.1(h):

1. Cash
2. Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:
 - U.S. treasury obligations
 - All direct or fully guaranteed obligations
 - Farmers Home Administration
 - General Services Administration
 - Guaranteed Title XI financing
 - Government National Mortgage Association (GNMA)
 - State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

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

“Dissolution Act” means, Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484, enacted as Chapter 26, Statutes of 2012 and as further amended on September 22, 2015 by Senate Bill 107, enacted as Chapter 325, Statutes of 2015 (collectively as amended from time to time).

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

“EMMA” means the Electronic Municipal Market Access System, a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org.

“Escrow Agent” means U.S. Bank National Association, and its successors and assigns.

“Fair Market Value” means 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 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 the value of which is determined in accordance with applicable regulations under the 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) the value of which is determined in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States of America.

“Fitch” means Fitch Ratings, Inc. and its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Successor Agency.

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

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

“Health and Safety Code” means the Health and Safety Code of the State of California.

“Indenture” means this Indenture, dated as of _____ 1, 2017, by and between the Successor Agency and the Trustee.

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

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

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at <http://emma.msrb.org>; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called Bonds as the Successor Agency may designate in writing to the Trustee.

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

[“Insurer” means _____, or any successor or assignee thereof, as issuer of the Insurance Policy and the Reserve Policy.]

“Interest Account” means the Account by that name established in Section 4.3 hereof.

“Interest Payment Date” means _____ 1 and _____ 1, commencing _____ 1, 2018 so long as any of the Bonds remain Outstanding hereunder.

“Investment Agreement” means investment agreements when collateralized by United States of America guaranteed and direct obligation securities and such collateral is held by a third party institution and marked to market on a weekly basis to a minimum of the value of the outstanding balance of the agreement. Investment Agreements must be limited to the final maturity of the Bonds and shall be subject to the requirements therefor set forth in the definition of Permitted Investments.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest amount obtained by totaling, for the current or any future Bond Year, the sum of (a) the amount of interest payable on the Bonds to be Outstanding in such Bond Year, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments are made as scheduled, and (b) the amount of principal payable on the Bonds to be Outstanding in such Bond Year, including any principal required to be prepaid by operation of mandatory sinking fund payments. For purposes of such calculation, there shall be excluded the principal of and interest on any debt payable from tax revenues to the extent the proceeds thereof are then deposited in a fully self-supporting escrow fund (by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums, if any) at or before maturity).

“Moody’s” means Moody’s Investors Service and its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Successor Agency.

“Obligations” means obligations of the Successor Agency and includes, without limitation, bonds, notes, interim certificates, debentures or other obligations.

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

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

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and authenticated pursuant to this Indenture.

“Oversight Board” means the oversight board duly constituted from time to time pursuant to Section 34179 of the Health and Safety Code.

“Owner” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee is entitled to conclusively rely on a Written Request of the Successor Agency directing investment in such Permitted Investment as a certification by the Successor Agency to the Trustee that such Permitted Investment is a legal investment under the laws of the State), but only to the extent that the same are acquired at Fair Market Value:

(a) Direct 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) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing a direct ownership interest in securities described in this clause such as Stripped Treasury Coupons rated the same rating as direct obligations of the United States of America by S&P and Moody’s and held by a custodian for safekeeping on behalf of holders of such securities.

(b) Bonds or notes which are exempt from federal income taxes and for the payment of which cash or obligations described in clause (a) of this definition in an amount sufficient to pay the principal of, premium, if any, and interest on when due have been irrevocably deposited with a trustee or other fiscal depository and which are rated the same rating as direct obligations of the United States of America by S&P and Moody’s.

(c) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Government National Mortgage Association, Farmer’s Home Administration, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association or Federal Housing Administration.

(d) Deposit accounts, certificates of deposit, bank deposit products or savings accounts (i) fully insured by the Federal Deposit Insurance Corporation or (ii) with banks whose short term obligations are rated no lower than A-1 by S&P and P-1 by Moody’s including those of the Trustee and its affiliates at the time of purchase.

(e) Federal funds or banker’s acceptances with a maximum term of one year of any bank that has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” by Moody’s and “A-1” or “A” or better by S&P (including the Trustee and its affiliates).

(f) Repurchase obligations with a term not exceeding 30 days pursuant to a written agreement between the Trustee and either a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investor Protection Corporation (“SIPC”) or a federally chartered commercial bank whose long-term debt obligations are rated A or better by S&P and Moody’s, with respect to any security described in clause (1); provided that the securities which are the subject of such repurchase obligation (i) are free and clear of all liens, (ii) in the case of a SIPC dealer, were not acquired pursuant to a repurchase or reverse repurchase agreement, and (iii) are deposited with the Trustee and maintained through weekly market valuations in an amount equal to 104% of the invested funds plus accrued interest. The Trustee must have a valid first perfected security interest in such securities.

(g) Taxable government money market portfolios that have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody's, subject to a maximum permissible limit equal to six months of principal and interest on the Bonds, including such funds for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

(h) Tax-exempt government money market portfolios that have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody's consisting of securities which are rated in one of the two highest Rating Categories of S&P and Moody's subject to a maximum permissible limit equal to six months of principal and interest on the Bonds, including such portfolios for which the Trustee or an affiliate receives and retains a fee for services provided to the portfolio, whether as a custodian, transfer agent, investment advisor or otherwise.

(i) Money market funds registered under the Investment Company Act of 1940, the shares in which are registered under the Securities Act of 1933 and that have a rating by S&P of AA-Am-G or AA-Am and rated in one of the two highest Rating Categories of Moody's, including such funds for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

(j) Any other investments which meet the criteria established by applicable published investment guidelines issued by each rating agency then rating the Bonds.

(k) The Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Pledged Tax Revenues" means (a) that portion of taxes levied (including all payments, reimbursements and subventions, if any, specifically attributable to *ad valorem* taxes lost by reason of business inventory tax or other exemptions and tax rate limitations) upon taxable property in the Redevelopment Project Area which is allocated to and paid into a special fund of the Successor Agency pursuant to Article 6 of Chapter 6 of the Health and Safety Code, Section 16 of Article XVI of the Constitution of the State and the Redevelopment Plan, as such portion of taxes may be modified by deductions and limitations imposed pursuant to the Health and Safety Code (including Section 33333.4 thereof), (b) investment earnings, and (c) reimbursements, subventions, including payments to the Successor Agency with respect to personal property generated from property located within the Redevelopment Project Area pursuant to Section 16110, *et seq.*, of the Government Code of the State of California, or other payments made by the State to the Successor Agency 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. Pledged Tax Revenues shall not include amounts payable by the Successor Agency under agreements heretofore entered into pursuant to Section 33401 of the Health and Safety Code, as such Section authorized such agreements prior to January 1, 1995, unless such agreements have been made subordinate to the Bonds.

"Predecessor Agency" means the Community Redevelopment Agency of the City of Guadalupe.

"Principal Account" means the Account by that name established in Section 4.3 hereof.

"Principal Payment Date" means _____ 1, commencing _____ 1, 201__ so long as any of the Bonds remain Outstanding hereunder.

[“Qualified Reserve Fund Credit Instrument” means the Reserve Policy and an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company, deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met: (i) at the time of delivery of such letter of credit or surety bond, the long-term credit rating of such bank is within the two highest rating categories of Moody’s or S&P, or the claims paying ability of such insurance company is rated within the highest rating category of A.M. Best & Company and S&P; (ii) such letter of credit or surety bond has a term which ends no earlier than the last Interest Payment Date of the Bonds; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in the Indenture, including the replenishment of the Interest Account or the Principal Account.]

“Rating Agency” means Fitch, Moody’s or S&P.

“Recognized Obligation Payment Schedule” means a Recognized Obligation Payment Schedule, prepared and approved from time to time pursuant to subdivision (1) of Section 34177 of the Health and Safety Code.

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

“Redemption Account” means the Account by that name established in Section 4.3 hereof.

“Redevelopment Obligation Retirement Fund” means the fund created within the treasury of the Successor Agency pursuant to Section 34170.5 of the Health and Safety Code.

“Redevelopment Plan” means the Redevelopment Plan for the City of Guadalupe Redevelopment Project that was approved by Ordinance No. 85-263 adopted by the City Council of the City on December 19, 1985.

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

“Redevelopment Property Tax Trust Fund” means the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Health and Safety Code.

“Reserve Fund” means the Fund by that name established in Section 4.3 hereof.

“Reserve Policy” means the debt service reserve insurance policy issued by the Insurer and deposited into the Reserve Fund.

“Reserve Requirement” means, as of each calculation date, an amount equal to the least of (i) Maximum Annual Debt Service on all Outstanding Bonds, (ii) 10% of the initial offering price to the public of the Bonds as determined under the Code, or (iii) 125% of the average Annual Debt Service as of the date of issuance of the Bonds.

“Revenue Fund” means that trust Fund by that name established in Section 4.2 hereof.

“Securities Depositories” means The Depository Trust Company, New York, New York and its successors and assigns or if (i) the then Securities Depository resigns from its functions as depository of

the Bonds or (ii) the Successor Agency discontinues use of the then Securities Depository, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Successor Agency.

“Sinking Account” means, the Sinking Account created in the Revenue Fund held by the Trustee pursuant to Section 4.3 hereof.

“Sinking Account Installment” means the amount of money required by this Indenture to be paid by the Successor Agency on any single date toward the retirement of any particular term bonds on or prior to their respective stated maturity dates.

“Sinking Account Payment Date” means any date on which Sinking Account Installments are scheduled to be paid with respect to the Bonds.

“Standard & Poor’s” or “S&P” means Standard & Poor’s Financial Services LLC and its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Successor Agency.

“State” means the State of California.

“Statutory Pass-Through Amounts” means amounts payable to affected taxing agencies pursuant to Sections 33607.5 and/or 33607.7 of the Health and Safety Code and Section 34183 of the Health and Safety Code.

“Supplemental Indenture” means any indenture then in full force and effect which has been duly adopted by the Successor Agency under the Health and Safety Code, or any act supplementary thereto or amendatory thereof, at a meeting of the Successor Agency duly convened and held, of which a quorum was present and acted thereon, amendatory of or supplemental to this Indenture; but only if and to the extent that such supplemental indenture is specifically authorized hereunder.

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

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

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

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

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.1 Authorization of Bonds. (a) The Bonds in the aggregate principal amount of \$_____ are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture, the Health and Safety Code and the Act. The Bonds shall be designated the "Successor Agency to Guadalupe Community Redevelopment Agency, Tax Allocation Refunding Bonds, Series 201__." This Indenture constitutes a continuing agreement with the Trustee for the benefit of the Owners of all of the Bonds hereunder and then Outstanding to secure the full payment of the principal of and interest or redemption premium (if any) on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained.

(b) The Bonds shall be and are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Pledged Tax Revenues, and other funds as hereinafter provided. The Bonds, interest and premium, if any, thereon are not a debt of the City, the County, the State or any of its political subdivisions (except the Successor Agency), and none of the City, the County, the State nor any of its political subdivisions (except the Successor Agency) is liable thereon. The Bonds, interest thereon and premium, if any, are not payable from any funds or properties other than those set forth in this Indenture. None of the members of the Successor Agency Board, the Oversight Board, or any persons executing the Bonds is liable personally on the Bonds by reason of their issuance.

Nothing in this Indenture shall preclude: (a) the payment of the Bonds from the proceeds of refunding bonds issued pursuant to this Indenture, the Health and Safety Code and the Act, as applicable, or (b) the payment of the Bonds from any legally available funds other than Pledged Tax Revenues.

Section 2.2 Term of Bonds.

(a) The Bonds shall be issued in fully registered form without coupons in Authorized Denominations and the Bonds shall mature on _____ 1, in the years and in the amounts and shall bear interest at the rates per annum as follows:

Maturity Date	Principal	Interest	Maturity Date	Principal	Interest
_____ 1	<u>Amount</u>	<u>Rate</u>	_____ 1	<u>Amount</u>	<u>Rate</u>

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

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

Section 2.3 Redemption.

(a) Optional Redemption of Bonds. The Bonds maturing before _____, 20__ are not subject to redemption prior to maturity. The Bonds maturing on and after _____, 20__ are subject to redemption prior to maturity in whole, or in part among maturities as determined by the Successor Agency, on any date on or after _____, 20__ from any available source of funds, at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the redemption date.

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

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

(d) Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate. All Bonds redeemed or purchased pursuant to this Section 2.3 shall be canceled and destroyed by the Trustee.

(e) Notice of Redemption. The Successor Agency shall be required to give the Trustee written notice of its intention to redeem Bonds under subsection (a) or (b) at least thirty (30) days prior to the date fixed for such redemption, and shall transfer to the Trustee for deposit in the Redemption

Account all amounts required for such redemption at least five (5) Business Days prior to the date fixed for such redemption; provided, the Trustee may waive either or both of such requirements in its sole discretion upon written request of the Successor Agency.

The Trustee on behalf of and at the expense of the Successor Agency will mail (by first class mail, postage prepaid or other means acceptable to the recipient thereof) notice of any redemption at least twenty (20) days but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Successor Agency filed with the Trustee at the time the Successor Agency notifies the Trustee of its intention to redeem Bonds; however, such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Corporate Trust Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Neither the Successor Agency nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Successor Agency nor the Trustee shall be liable for any inaccuracy in such numbers.

Any notice given pursuant to this paragraph may be rescinded by written notice given to the Trustee by the Successor Agency and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given pursuant to this Section, but in no event later than the date set for redemption.

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

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

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

manually executed and dated by the Trustee, shall be initially registered by the Trustee, and, until so exchanged as provided under Section 2.9 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.6 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Successor Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of Authorized Denominations. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.6.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS OF BONDS

Section 3.1 Issuance of Bonds. Upon the execution and delivery of this Indenture and receipt by the Successor Agency of evidence satisfactory to it of satisfaction of the conditions precedent to issuance of the Bonds, the Successor Agency shall execute and deliver the Bonds in the aggregate principal amount of \$ _____ to the Trustee and the Trustee shall authenticate and deliver the Bonds upon the Written Request of the Successor Agency.

Section 3.2 Application of Proceeds of Bonds. On the Delivery Date the net proceeds of sale of the Bonds in the amount of \$ _____ shall be paid to the Trustee and such amount shall be applied as follows:

(i) The Trustee shall transfer the amount of \$ _____ to the Escrow Agent for deposit in the Escrow Fund established under the Escrow Agreement for redemption of the Refunded Bonds; and

(ii) The Trustee shall deposit the amount of \$ _____ into the Costs of Issuance Fund.

The Trustee is hereby instructed to deposit [the Reserve Policy] into the Reserve Fund in satisfaction of the Reserve Requirement.

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

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS; FUNDS AND ACCOUNTS

Section 4.1 Security of Bonds; Equal Security. The Bonds shall be equally secured by a pledge of, security interest in and a first and exclusive lien on all of the Pledged Tax Revenues, whether held in the Redevelopment Property Tax Trust Fund or by the Successor Agency or the Trustee, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Revenue Fund (including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account and all subaccounts in the foregoing) and in the Reserve Fund to the Trustee for the benefit of the Owners of the Outstanding Bonds. The principal of and interest or redemption premium (if any) on the Bonds shall be payable from Pledged Tax Revenues. In addition, pursuant to Health and Safety Code section 34177.5(g), the Bonds shall be specifically secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund.

Except for the Pledged Tax Revenues and moneys in the Revenue Fund (including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account and all subaccounts in the foregoing) and the Reserve Fund (and all Accounts therein), no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. Notwithstanding anything herein to the contrary, however, if Pledged Tax Revenues are insufficient for the deposits required hereunder or the payment of the principal of and interest or redemption premium (if any) on the Bonds, the Successor Agency may, but shall not be obligated, to make such deposits or pay such principal of and interest or redemption premium (if any) on the Bonds from other legally available funds.

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

Section 4.2 Revenue Fund; Reserve Fund. There are hereby established special trust funds known as the "Revenue Fund" and the "Reserve Fund," which Funds shall be held by the Trustee in trust for Owners. The Trustee shall send the Successor Agency on each _____ 1 and _____ 1 a written request specifying the amount of Pledged Tax Revenues required to be deposited in the Revenue Fund for the next Interest Payment Date (if the necessary amount is not already on deposit) and/or the Reserve Fund, as applicable. The Successor Agency shall remit the amount requested pursuant to such written request to the Trustee within two (2) Business Days of receipt of distributions of Pledged Tax Revenues on January 2 and June 1 of each year.

Section 4.3 Transfer of Amounts. There are hereby created separate Accounts within the Revenue Fund as set forth below, to be known respectively as the Interest Account, the Principal Account, the Sinking Account, and the Redemption Account. Upon receiving Pledged Tax Revenues from the Successor Agency, the Trustee shall deposit all amounts received into the Revenue Fund or the Reserve Fund, as applicable, until such time as the amounts so deposited equal the aggregate amounts required to be transferred to the Trustee in such Bond Year (i) for deposit into the Interest Account, the Principal Account and the Redemption Account of the Revenue Fund and (ii) for deposit into the Reserve Fund, if necessary.

Such deposits shall be made in the following order of priority:

First *Interest Account.* On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on the Outstanding on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. Subject to this Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

Second *Principal Account.* On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding Bonds on such Principal Payment Date. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due and payable on all Outstanding Bonds on the upcoming Principal Payment Date. Subject to this Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments on the Outstanding Bonds as they become due and payable.

On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. The Trustee shall use moneys in the applicable Sinking Account to redeem Bonds pursuant to Section 2.3.

If there shall be insufficient money in the Revenue Fund to make in full all such principal payments and Sinking Account payments required to be made in such Bond Year, then the money available in the Revenue Fund shall be applied *pro rata* with respect to such principal payments and Sinking Account payments in the proportion that all such principal payments and sinking account payments bear to each other.

Third *Reserve Fund.* [The Reserve Policy is a Qualified Reserve Fund Credit Instrument and satisfies the Reserve Requirement. Subject to Section 9.12 of this Indenture, all money in the Reserve Fund or draws on a Qualified Reserve Fund Credit Instrument shall be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Interest Account, the Principal Account and the Sinking Account (and subaccounts therein, as the case may be), in such order of priority, in the event of any deficiency at any time in any of such Accounts or (ii) for the retirement of all the Bonds then Outstanding. Any amount in the Reserve Fund in excess of the Reserve Requirement shall be withdrawn from the Reserve Fund on or before the Interest Payment Date by the Trustee and deposited in the Interest Account. All amounts in the Reserve Fund five (5) Business Days before the final Interest Payment Date shall be withdrawn therefrom by the Trustee and transferred either (i) to the Interest Account and then Principal Account and the Sinking Account, to the extent required to make the deposits then required to be made hereunder, or (ii) if sufficient deposits have been made hereunder, then, as directed by the Successor Agency in any manner permitted by law pursuant to a Written Request of the Successor Agency.]

The Reserve Requirement may be satisfied by crediting to the Reserve Fund moneys and/or a Qualified Reserve Fund Credit Instrument or any combination thereof, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement. Upon deposit of such Qualified Reserve Fund Credit Instrument, the Trustee shall transfer any excess amounts then on deposit

in the Reserve Fund in excess of the applicable Reserve Requirement into a segregated account of the Revenue Fund, which monies shall be applied upon written direction of the Successor Agency either (i) to the payment within one year of the date of transfer of capital expenditures of the Successor Agency permitted by law, or (ii) to the redemption of Bonds on the earliest succeeding date on which such redemption is permitted hereby, and pending such application shall be, as determined in writing by the Successor Agency, held either not invested in investment property (as defined in section 148(b) of the Code), or invested in such property to produce a yield that is not in excess of the yield on the Bonds; *provided, however*, that the Successor Agency may by written direction to the Trustee cause an alternative use of such amounts if the Successor Agency shall first have obtained a written opinion of nationally recognized bond counsel substantially to the effect that such alternative use will not adversely affect the exclusion pursuant to section 103 of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In any case where the Reserve Fund is funded with a combination of cash and a Qualified Reserve Fund Credit Instrument, the Trustee shall deplete all cash balances before drawing on the Qualified Reserve Fund Credit Instrument. With regard to replenishment, any available moneys provided by the Successor Agency shall be used first to reinstate the Qualified Reserve Fund Credit Instrument and second, to replenish the cash in the Reserve Fund. If the Qualified Reserve Fund Credit Instrument is drawn upon, the Successor Agency shall make payment of interest on amounts advanced under the Qualified Reserve Fund Credit Instrument after making any payments pursuant to this subsection. If a Qualified Reserve Fund Credit Instrument provider is downgraded for any reason, there shall be no obligation to replace or secure the Qualified Reserve Fund Credit Instrument.

Replenishment of Reserve Fund. The Trustee shall value the balance in the Reserve Fund on each _____, commencing _____, 2018. If the balance in the Reserve Fund is less than the Reserve Requirement, the Trustee shall indicate the amount of such deficiency in a Written Request to the Successor Agency. Upon receipt of such Written Request, the Successor Agency shall immediately take all necessary action to cure such deficiency in the Reserve Fund, including using best efforts to place the amount of such deficiency on a Recognized Obligation Payment Schedule. No transfers or deposits need be made to the Reserve Fund so long as there is on deposit therein a sum at least equal to the Reserve Requirement.

Fourth *Redemption Account.* The Successor Agency will deliver or cause to be delivered funds to the Trustee for deposit in the Redemption Account an amount required to pay the principal of, interest and premium, if any, on the Bonds (other than Bonds redeemed from sinking account payments) to be redeemed on such date. Subject to this Indenture, all moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest or redemption premium (if any) on the Bonds to be redeemed on the date set for such redemption.

Section 4.4 Costs of Issuance Fund. There is hereby established a separate fund to be known as the “Costs of Issuance Fund” which shall be held in trust by the Trustee. Moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against such Fund. Each such Written Request of the Successor Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Six (6) months following the Delivery Date, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in either Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Revenue Fund.

Section 4.5 Surplus Fund. There is hereby established the “Surplus Fund.” Following the deposits described in Section 4.3 of this Indenture, the Trustee shall deposit any remaining Pledged Tax

Revenues into the Surplus Fund. Following such deposit, the Successor Agency hereby instructs the Trustee to transfer any Pledged Tax Revenues in the Surplus Fund to the Successor Agency to be applied in accordance with the Dissolution Act and other applicable law.

ARTICLE V

COVENANTS OF THE SUCCESSOR AGENCY

Section 5.1 Covenants of the Successor Agency. As long as the Bonds are Outstanding, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Owners which are necessary, convenient and desirable to secure the Bonds:

Covenant 1. Compliance with Health and Safety Code. The Successor Agency covenants that it will comply with all applicable requirements of the Health and Safety Code.

Covenant 2. Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Health and Safety Code, not later than February 1 following the Delivery Date (or such other dates as are specified in the Health and Safety Code or other applicable law), for so long as the Bonds are Outstanding, the Successor Agency shall prepare and submit to the Successor Agency Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations of the Successor Agency are listed, including debt service with respect to the Bonds and any amounts required to replenish the Reserve Fund or to pay amounts due to the Insurer in connection with the Insurance Policy or the Reserve Policy. Such Recognized Obligation Payment Schedule shall include all scheduled principal of and interest on the Bonds that are due and payable on _____ 1 and _____ 1 of the Bond Year ending on _____ 1 of the next ensuing calendar year, together with any amount required to replenish the Reserve Fund.

If the provisions set forth in the Dissolution Act as of the Delivery Date of the Bonds that relate to the filing of Recognized Obligation Payment Schedules are further amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds that are not inconsistent herewith.

The Successor Agency further agrees (a) to the extent permitted by law, to amend any Recognized Obligation Payment Schedule filing for any period during which amounts owed to the Insurer either with respect to the Insurance Policy or the Reserve Policy are not included on such Recognized Obligation Payment Schedule filing, and (b) not to submit a last and final Recognized Obligation Payment Schedule under the Dissolution Act without the prior written consent of the Insurer.

Covenant 3. Punctual Payment. The Successor Agency covenants that it will duly and punctually pay or cause to be paid the principal of and interest on the Bonds on the date, at the place and in the manner provided in the Bonds, and that it will take all actions required under the Health and Safety Code to include debt service on the Bonds on the applicable Recognized Obligation Payment Schedule, including any amounts required to replenish the Reserve Fund to the full amount of the Reserve Requirement.

Covenant 4. No Priority; No Additional Parity Bonds; Refunding Bonds; Other Obligations. The Successor Agency covenants that it will not issue any Obligations payable, either as to principal or interest, from the Pledged Tax Revenues which have any lien upon the Pledged Tax Revenues on a parity

with or superior to the lien under this Indenture for the Bonds; provided, that the Successor Agency may issue and sell refunding bonds payable from Pledged Tax Revenues on a parity with Outstanding Bonds, if (a) annual debt service on such refunding bonds is lower than annual debt service on the Bonds being refunded during every year the Bonds will be outstanding, (b) the debt service payment dates with respect to such refunding bonds are the same as for the Bonds being refunded and (c) the final maturity of any such refunding bonds does not exceed the final maturity of the Bonds being refunded.

Covenant 5. Use of Proceeds: Management and Operation of Properties. The Successor Agency covenants that the proceeds of the sale of the Bonds will be deposited and used as provided in this Indenture and that it will manage and operate all properties owned by it comprising any part of the Redevelopment Project Area in a sound and proper manner and in accordance with applicable law.

Covenant 6. Payment of Taxes and Other Charges. The Successor Agency covenants that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Redevelopment Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Pledged Tax Revenues or other legally available funds to pay the principal of and interest and redemption premium (if any) on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

Covenant 7. Books and Accounts: Financial Transactions and Records. The Successor Agency covenants that it will at all times keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries are made of the financial transactions and records of the Successor Agency. Within two hundred seventy (270) days after the close of each Fiscal Year an Independent Certified Public Accountant shall prepare an audit of the financial transactions and records of the Successor Agency for such Fiscal Year. To the extent permitted by law, such audit may be included within the annual audited financial statements of the City. Upon written request, the Successor Agency shall, as soon practicable, furnish a copy of each audit to any Owner. The Trustee shall have no duty to review such audits.

Covenant 8. Protection of Security and Rights of Owners. The Successor Agency covenants to preserve and protect the security of the Bonds and the rights of the Owners and to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that the Pledged Tax Revenues pledged under this Indenture cannot be used to pay debt service on the Bonds or (b) any other action affecting the validity of the Bonds or diluting the security therefor.

Covenant 9. Continuing Disclosure. The Successor Agency covenants that it will comply with and carry out all of the provisions of its Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure by the Successor Agency to comply with its Continuing Disclosure Agreement shall not be considered an Event of Default; however, any participating underwriter, Owner or beneficial owner of any Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Covenant 10. Further Assurances. The Successor Agency covenants to adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably

necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

Section 6.1 Duties, Immunities and Liabilities of Trustee.

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

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

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

money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail, with a copy to the Successor Trustee, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency. Notwithstanding any other provisions of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed.

(e) Every successor Trustee appointed under the provisions of this Indenture shall be a trust company, national banking association, or bank in good standing authorized to exercise trust powers or having the powers of a trust company and duly authorized to exercise trust powers within the State having a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, national banking association, or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

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

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

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

Section 6.3 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be

responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

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

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

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

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof at its Corporate Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder.

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

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

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

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

(j) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Successor Agency shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Successor Agency whenever a person is

to be added or deleted from the listing. If the Successor Agency elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Successor Agency understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Successor Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Successor Agency and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Successor Agency. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Successor Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Successor Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

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

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

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

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

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

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

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

Section 6.7 Investment of Moneys in Funds and Accounts. Subject to the provisions of Article VI hereof, all moneys held by the Trustee in a Fund or Account, shall, at the written direction of the Successor Agency, be invested only in Permitted Investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any Fund or Account, the Trustee shall request such written direction from the Successor Agency and, pending receipt of instructions, shall invest such moneys solely in Permitted Investments described in subsection (i) of the definition thereof if the Successor Agency has previously so directed the Trustee in writing or shall be held by the Trustee uninvested.

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

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

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

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

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

The value of Permitted Investments shall be determined as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the Fair Market Value; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the Fair Market Value; (iii) as to certificates of deposit and bankers acceptances: the face amount thereof; and (iv) as to any investment not specified above: the value thereof established by prior agreement between the Successor Agency and the Trustee. Notwithstanding (i) through (iv) above, the Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow its normal practice in determining the value of Permitted Investments, which may include utilizing computerized securities pricing services that may be available to it, including those available through its regular accounting system.

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

Section 6.9 Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in

case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee or Successor Agency appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 6.9 are adopted to these ends.

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

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

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

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

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

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

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture, or as to any other provisions of the Indenture as the Successor Agency may deem necessary or desirable, in any case which do not have a material and adverse effect on the security for the Bonds granted hereunder; or

(c) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute

hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; or

(d) to modify or amend any provision of this Indenture with any effect and to any extent whatsoever permissible by law, provided that any such modification or amendment shall apply only to the Bonds issued and delivered subsequent to the execution and delivery of the applicable Supplemental Indenture.

The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 7.2 Amendment With Consent of Owners. Except as set forth in Section 7.1, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture or deprive the Owners of the Bonds of the lien created by this Indenture on such Pledged Tax Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Successor Agency and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall cause to be mailed a notice (the form of which shall be furnished to the Trustee by the Successor Agency), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

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

Section 7.4 Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency, the Owners of such Bonds shall present such Bonds for that purpose at the Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and, in that case upon demand of the Successor Agency,

the Owners of the Bonds shall present such Bonds for exchange at the Corporate Trust Office of the Trustee, without cost to such Owners.

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

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

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

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

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

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the Successor Agency of written notice from the Trustee or any Owner of not less than 50% in aggregate principal amount of the Outstanding Bonds; provided, that if such default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Successor Agency within the applicable period and diligently pursued until the default is corrected, which period shall not be longer than sixty (60) days from the date of written notice specifying the failure; or

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

If an Event of Default has occurred and is continuing, the Trustee may, or if requested in writing by the Owners of the majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall, by written notice to the Successor Agency, (a) only in the event of a default under Section 8.1(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 shall become immediately due and payable, and (b) upon any Event of Default (with receipt of indemnity to its satisfaction) exercise any remedies available to the Trustee and the Owners in law or at equity.

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

Upon the occurrence of an event of default, the Trustee may, with the consent of a majority of the Owners, by written notice to the Successor Agency, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture in the Bonds to the contrary notwithstanding.

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

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

Second, to the payment pro rata of the whole amount then owing and on the Bonds (and any refunding bonds payable from Pledged Tax Revenues on a parity with Outstanding Bonds) for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest or any Bond over any other Bond; and

Third, to the payment of amounts due to the Insurer not paid pursuant to First and Second above.

Section 8.3 Power of Trustee to Control Proceedings. If the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its

duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have 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; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.4 Limitation on Owner's Right to Sue. No Owner of any Bond issued hereunder nor the Insurer shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner or the Insurer shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Insurer or the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) the Insurer or such Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and such tender of indemnity shall have been made to, the Trustee.

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

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

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

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

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

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

ARTICLE IX

MISCELLANEOUS

Section 9.1 Benefits Limited to Parties. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Successor Agency, the Trustee, the Insurer, and the registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Successor Agency, the Trustee, the Insurer, and the registered Owners of the Bonds.

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

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

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

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

(iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums, if any) at or before maturity, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given pursuant to Section 2.3(h) or provision satisfactory to the Trustee shall have been made for the giving of such notice then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture with respect to all Outstanding Bonds shall cease and terminate, except only (a) the obligation of the Trustee to transfer and exchange Bonds hereunder and (b) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency.

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

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

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

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind 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 9.5 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency or the City (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon request of the Trustee, the Successor Agency shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 9.6 Waiver of Personal Liability. No member, office, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or redemption premium (if any) 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 9.7 Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds and upon written request of the Successor Agency, provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

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

If to the Successor Agency: Successor Agency to Guadalupe Community Redevelopment
Agency
c/of City of Guadalupe
918 Obispo Street
Guadalupe, California 93434
Attention: Executive Director

If to the Trustee: U.S. Bank National Association
550 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust Division

If to the Rating Agency:

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

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

Section 9.11 **Reserve Policy Requirements**. So long as the Reserve Policy is in effect, the following provisions shall govern, notwithstanding anything to the contrary set forth in this Indenture:

(a) The Successor Agency shall repay solely from Pledged Tax Revenues any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

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

The Successor Agency shall take all actions required by the Dissolution Act to ensure that Policy Costs are paid to the Insurer when due, including the submittal of Recognized Obligation Payment Schedules providing for Policy Costs that are payable to the Insurer.

Amounts in respect of Reserve Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Reserve Policy Costs shall be secured by a valid lien on all Pledged Tax Revenues (subject only to the priority of payment provisions set forth under this Indenture).

All cash and investments in the Reserve Fund shall be transferred to the Interest Account, the Principal Account, and the Sinking Account for payment of debt service on the Bonds before any drawing may be made on the Reserve Policy or any other Qualified Reserve Fund Credit Instrument credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Reserve Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Reserve Policy Costs and reimbursement of amounts with respect to other Credit Facilities

shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

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

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

(d) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) of this Section and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the Interest Account, the Principal Account and the Sinking Account for the Bonds more often than semi-annually, the Trustee shall be instructed to give notice to the Insurer of any failure of the Successor Agency to make timely payment in full of such deposits within two Business Days of the date due.]

Section 9.12 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 9.13 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

Section 9.14 Payments Due on Other Than a Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Indenture.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO GUADALUPE COMMUNITY REDEVELOPMENT AGENCY, has caused this Indenture to be signed in its name by _____, as Authorized Representative of the Successor Agency and attested by the Secretary of the Successor Agency, and U.S. Bank National Association, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer hereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO GUADALUPE
COMMUNITY REDEVELOPMENT AGENCY

By: _____

Name: _____

Title: _____

ATTEST:

By: _____
Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

EXHIBIT A
(FORM OF BOND)

No. R-____ \$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
(COUNTY OF IMPERIAL)

SUCCESSOR AGENCY TO GUADALUPE
COMMUNITY REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 201__

Interest Rate	Maturity Date	Dated Date	CUSIP
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The SUCCESSOR AGENCY TO GUADALUPE COMMUNITY REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Successor Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on an interest payment date, in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated prior to an interest payment date and after the close of business on the fifteenth calendar day of the month preceding such interest payment date (a "Record Date"), in which event it shall bear interest from such interest payment date, or (iii) this Bond is authenticated on or before _____, 2017, in which event it shall bear interest from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the rate per annum stated above, payable semiannually on _____ 1 and _____ 1 in each year (each an "Interest Payment Date"), commencing _____, calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee"). Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed on the interest payment date by first class mail to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date next preceding such interest payment date; provided, however, that upon the written request of any Registered Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner.

This Bond is one of a duly authorized issue of Bonds of the Successor Agency designated as "Successor Agency to Guadalupe Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 201__" (the "Bonds"), in an aggregate principal amount of \$ _____, all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates or redemption and other provisions) and all issued pursuant to the provisions of the Community Redevelopment Law, beginning with Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Health and Safety Code"), and pursuant to an Indenture, dated as of _____, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. No additional bonds, notes or other obligations may be issued on a parity with the Bonds. Reference is hereby made to the Indenture (a copy of which is on file at the office of the Successor Agency) and all indentures supplemental thereto and to the Health and Safety Code for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds shall be and are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Pledged Tax Revenues and other funds as hereinafter provided. The Bonds, interest thereon and premium, if any, are not a debt of the City of Guadalupe (the "City"), the County of Santa Barbara (the "County"), the State of California (the "State") or any of its political subdivisions (except the Successor Agency), and none of the City, the County, the State nor any of its political subdivisions (except the Successor Agency) is liable thereon. The Bonds, interest thereon and premium, if any, are not payable from any funds or properties other than those set forth in this Indenture. None of the members of the Successor Agency Board, or any persons executing the Bonds is liable personally on the Bonds by reason of their issuance.

There has been created and will be maintained by the Successor Agency the Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Pledged Tax Revenues shall be deposited and transferred to the Trustee for deposit into the Revenue Fund (as defined in the Indenture) from which the Trustee shall pay the principal of and interest and redemption premium (if any) on the Bonds when due. As and to the extent set forth in the Indenture, all such Pledged Tax Revenues are exclusively and irrevocably pledged to and constitute a trust fund for, in accordance with the terms hereof and the provisions of the Indenture and the Health and Safety Code, the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

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

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

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

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

The Trustee shall not be required to register the transfer or exchange of any Bond (i) during the period established by the Trustee for selection of Bonds for redemption or (ii) selected for redemption.

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

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

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

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

IN WITNESS WHEREOF, the Successor Agency to Guadalupe Community Redevelopment Agency has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signatures of its Chairperson and its Secretary, all as of the Delivery Date.

SUCCESSOR AGENCY TO GUADALUPE
COMMUNITY REDEVELOPMENT AGENCY

By: _____
Chairperson

By: _____
Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

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

Authentication Date: ____ __, 20__

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

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

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

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

Dated: _____

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

Signature Guaranteed:

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

