

**SUCCESSOR AGENCY TO THE  
DISSOLVED BELLFLOWER REDEVELOPMENT AGENCY  
AGENDA REPORT**

TO: Honorable Mayor and Members of the City Council, acting on behalf of the Successor Agency to the Dissolved Bellflower Redevelopment Agency

ATTENTION: Jeffrey L. Stewart, City Manager

FROM: Tae G. Rhee, Finance Director/City Treasurer

SUBJECT: Consideration and possible action to adopt Resolution No. SA-16-XX – A Resolution authorizing the issuance and sale of tax allocation refunding bonds, and approving the form of an indenture of trust and authorizing certain other actions in connection therewith.

DATE: January 14, 2016

**EXECUTIVE SUMMARY**

In April 2004, the dissolved Bellflower Redevelopment Agency (the “Dissolved RDA”) issued the \$7,815,000 Bellflower Redevelopment Project Taxable Tax Allocation Refunding Bonds, Series 2004 (the “2004 Bonds”). These Bonds mature on February 1, 2034, and the outstanding principal as of February 1, 2016, will be \$6,095,000, bearing interest rates of 6.62% for the 2024 term bonds and 6.60% for the 2034 term bonds.

AB X1 26 dissolved all redevelopment agencies in California as of February 1, 2012, and the Successor Agency to the Dissolved Bellflower Redevelopment Agency (the “Successor Agency”) now has responsibility for the administration and repayment of the 2004 Bonds. Pursuant to AB 1484, the Successor Agency may refund existing bonds, with approval of the Oversight Board and the State Department of Finance, for the purpose of generating debt service savings with no extension of maturity.

Based on the best proposal received by the Placement Agent, the Successor Agency can refund the 2004 Bonds at a fixed interest rate of 4.95% with the same maturity of February 1, 2034, saving affected taxing entities approximately \$1.1 million over the remaining term of 18 years. The City’s share of the overall savings range from approximate \$80,000 (7%) to \$148,000 (13%) – an average of \$114,000.

Note: The City’s share of the basic 1% property tax levy is 6.66%. However, because some taxing entities receive certain pass-through payments while others do not (such as the City of Bellflower), the taxing entities that do not receive the pass-through payments will receive a greater share of the savings. It is expected that Bellflower will receive approximately 7% of the savings in one payment cycle (July through December) and approximately 13% in the other cycle (January through June). However, these distribution percentages will vary annually in the future due to the changes in the property tax increment revenues, pass-through amounts, enforceable obligation payments, and other factors.

**RECOMMENDATION**

It is recommended that the City Council, acting on behalf of the Successor Agency, consider:

- 1) Adopting Resolution SA-16-XX to:
  - a) authorize and direct the Successor Agency to commence the process of refunding the 2004 Bonds in accordance with HSC Section 34177.5; and
  - b) authorize the Mayor, City Manager, and Finance Director to execute and deliver any and all documents and agreements and to perform all acts and steps necessary or advisable for the carrying out the transactions contemplated by this Resolution; or
- 2) Alternatively, discuss and take other action related to this item.

**FISCAL IMPACT**

Based on the best proposal received, refunding of the 2004 Bonds will generate an estimated total debt service savings of \$1.1 million, net of all costs of issuance, over the life of the proposed 2016 Tax Allocation Refunding Bonds (the “2016 Refunding Bonds”). The City’s share of the overall savings, as an affected taxing entity, range from approximate \$80,000 (7%) to \$148,000 (13%) – an average of \$114,000.

The average annual savings of approximately \$63,000 will be distributed to affected taxing entities based on their respective property tax rates after certain adjustments. The majority of the savings will go to the County of Los Angeles and its special districts and to schools including the Bellflower Unified School District. The Bellflower Unified School District, however, may not effectively benefit from this transaction as its backfill from the State will be reduced by the same amount of the savings received as a result of this refunding.

The Successor Agency will incur various costs associated with the issuance of the 2016 Refunding Bonds which will be paid for with the reissued Bond proceeds. These costs are estimated to be approximately \$220,000 (including \$10,000 for contingencies) and cover third-party consulting services including placement, legal, and financial services.

*The City of Bellflower has no legal or financial obligation with respect to the repayment of the 2004 Bonds or the 2016 Refunding Bonds.*

## **DISCUSSION ON THE PROPOSED FINANCING**

The financing team has investigated whether a “direct placement” or “public offering” of the 2004 Bonds would be a better option for the Successor Agency to complete the refunding transaction. It is the financing team’s recommendation that a “direct placement” would be in the best interest of the Successor Agency due to lower costs of issuance, including not having to apply and pay for a credit rating on the 2016 Refunding Bonds.

As part of the refunding process, proposals were solicited from five (5) qualified lenders. Four (4) lenders submitted their proposals and a summary of the proposed rates, fees, and certain terms and conditions are attached to this staff report.

Based on the responses received from interested lenders, City National Bank provided the best proposal in terms of the lowest interest rate and most favorable terms within the scope of the engagement. Not only has City National Bank agreed to provide a 60-day interest rate lock once engaged in order to insulate the Successor Agency from any interest rate risk, but also waived the requirement to cash fund a debt service reserve. By not cash funding a reserve, the Successor Agency will issue less bonds which will help increase cash flow savings to the taxing entities including the City. The other competitive proposal, provided by Bank 4, required that the transaction be shortened to a 9-year average life which is a structuring requirement that did not fit within the scope of the financing terms. Furthermore, Bank 4 required a cash funded reserve which would increase the overall size of the bonds and decrease the amount of cash flow savings. Therefore, based on the proposals received, the financing team and City staff recommend that the Successor Agency approve a placement with City National Bank.

Pursuant to Health and Safety Code Sections 34177.5(f) and 34179(h), both the Oversight Board and the State Department of Finance (“DOF”) will review the issuance of the 2016 Refunding Bonds. Once the financing and legal documents for the 2016 Refunding Bonds are approved by the Successor Agency and the Oversight Board, those documents will be promptly sent to the DOF for review and approval. The DOF is allowed 60 days to approve refunding bond issues. Assuming approval of the Oversight Board on January 19, 2016, the DOF would have until approximately March 19, 2016 to make its determination.

The source of repayment of the 2016 Refunding Bonds would be limited to tax revenues generated in the Bellflower Redevelopment Project Area and deposited by the County into the Successor Agency’s Redevelopment Property Tax Trust Fund (RPTTF). *The City of Bellflower will have no legal or financial obligation with respect to the repayment of the Successor Agency debt.* Tax Allocation Bonds were issued in conjunction with redevelopment projects. The property taxes pledged for their repayment, known as “property tax increment,” come from the increase in assessed property value over and above a pre-established base value in the redevelopment project area.

**Summary of Refinancing Terms and Conditions**

<b>No.</b>	<b>Terms / Conditions</b>	<b>2004 Bonds</b>	<b>2016 Refunding Bonds</b>
1	Issuer	Dissolved RDA (City not liable)	Successor Agency (City not liable)
2	Security	Property tax increment	Property tax increment
3	Par amount of bonds	\$6,095,000	\$5,800,000 (approximate)
4	Interest rates	6.62% & 6.6%	4.95%
5	Maturity	2/1/2034	2/1/2034
6	Reserve account	\$592,000 (approximate)	Not required
7	Savings (nominal value)	n/a	\$1.1 million
8	City's share of the savings	n/a	\$80,000 (7%) to \$148,000 (13%) – average of \$114,000
9	Closing of escrow	n/a	3/15/2016
10	Cost of issuance	n/a	\$220,000 (approximate; paid with bond proceeds)
11	Taxability	Federal taxable	Federal taxable

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**SUCCESSOR AGENCY TO THE  
BELLFLOWER REDEVELOPMENT AGENCY**

**RESOLUTION NO. SA-16-XX**

**A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF TAX  
ALLOCATION REFUNDING BONDS, AND APPROVING THE FORM OF  
AN INDENTURE OF TRUST AND AUTHORIZING CERTAIN OTHER  
ACTIONS IN CONNECTION THEREWITH**

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

**WHEREAS**, a Redevelopment Plan for a redevelopment project known and designated as the “Bellflower Redevelopment Project” has been adopted and approved by Ordinance No. 768 of the City of Bellflower on July 8, 1991, as amended to date, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

**WHEREAS**, the Former Agency has previously issued its Bellflower Redevelopment Agency, Taxable Tax Allocation Refunding Bonds, Series 2004, currently outstanding in the aggregate principal amount of \$6,270,000 (the “Refunded Bonds”); and

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

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

**WHEREAS**, on February 1, 2012, the Former Agency was dissolved and its redevelopment powers, assets and obligations were transferred to the Successor Agency to the Bellflower Redevelopment Agency (the “Successor Agency”); and

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

**WHEREAS**, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency to refund the bonds or other indebtedness of the Former Agency to provide savings to the Successor Agency, provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds shall

not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding bonds shall not exceed the amount required to defease the refunded bonds, to establish customary debt service reserves, and to pay related costs of issuance; and

**WHEREAS**, for the corporate purposes of the Successor Agency, the Successor Agency desires to issue at this time tax allocation refunding bonds (the “2016 Bonds”) in an aggregate principal amount sufficient to refund all or a portion of the Refunded Bonds, and to irrevocably set aside a portion of the proceeds of such 2016 Bonds in a separate segregated trust fund which will be used to refund the outstanding Refunded Bonds being refunded, to pay costs in connection with the issuance of the 2016 Bonds and to make certain other deposits as required by the Indenture (as defined below); and

**WHEREAS**, the 2016 Bonds shall be secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a) and (g), pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Bond Law”); and

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

**BE IT HEREBY RESOLVED** by the Successor Agency as follows:

**SECTION 1.** Subject to the provisions of the Indenture referred to in Section 4 hereof, the issuance of the 2016 Bonds in an aggregate principal amount sufficient to refund all or a portion of the Refunded Bonds for the purpose of achieving debt service savings in accordance with Health & Safety Code Section 34177.5(a)(1) and the pledge of property tax revenues to the 2016 Bonds pursuant to the Indenture approved by Section 4 of this Resolution (as authorized by California Health and Safety Code Section 34177.5(a) and (g)) is hereby approved on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture. The 2016 Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture, as the same will be completed as provided in this Resolution. The proceeds of the sale of the 2016 Bonds shall be applied as provided in the Indenture. The 2016 Bonds may be issued as a single issue, or from time to time, in separate series, as the Successor Agency shall determine. The approval of the issuance of the 2016 Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of 2016 Bonds and the sale of the 2016 Bonds at a public or private sale, without the need for any further approval from the Oversight Board.

**SECTION 2.** The 2016 Bonds may be sold by negotiated sale or by private placement. The Private Placement Agreement by and between the Successor Agency and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), as underwriter, in the form presented to the Successor Agency Board at this meeting is hereby approved, pursuant to which the Underwriter will act as Placement Agent for the Bonds on behalf

of the Successor Agency and will negotiate the terms of the private placement thereof with the Purchaser of the Bonds. Each of the Authorized Officers is hereby authorized and directed to cause the same to be completed and executed on behalf of the Successor Agency.

**SECTION 3.** City National Bank, a national banking association (the “Purchaser”), has offered to purchase the Refunding Bonds on a direct placement basis pursuant to the terms of a Term Sheet (the “Term Sheet”), in the form submitted at this meeting and made a part hereof as though set forth in full herein. The Chairman of the Successor Agency, the Executive Director of the Successor Agency, the Finance Director of the Successor Agency, the Secretary of the Successor Agency, and any other proper officer of the Successor Agency (each, an “Authorized Officer”), acting singularly, be and hereby are authorized to execute the Term Sheet and to take any and all actions necessary to effectuate a sale of the 2016 Bonds to the Purchaser in accordance with the Term Sheet.

**SECTION 4.** The Indenture of Trust in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein (the “Indenture”), is hereby approved. The Executive Director or any other Authorized Officer is hereby authorized and directed to execute and deliver the Indenture in the form presented at this meeting with such changes, insertions and omissions as may be requested by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, and approved by any Authorized Officer, said execution being conclusive evidence of such approval.

**SECTION 5.** The Escrow Agreement by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as escrow agent, in the form presented to the Successor Agency Board at this meeting is hereby approved. Each of the Authorized Officers is hereby authorized and directed to cause the same to be completed and executed on behalf of the Successor Agency.

**SECTION 6.** Each Authorized Officer, acting singularly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments relating to the 2016 Bonds and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Term Sheet, the Escrow Agreement and the Indenture, including, as necessary, the negotiation, preparation and execution of a Private Placement Memorandum, a Rate Lock Agreement and any additional agreements as may be required to carry out the purposes hereof.

**SECTION 7.** As an alternative to the private placement of the 2016 Bonds, the Executive Director of the Successor Agency or any other Authorized Officer, acting on behalf of the Successor Agency, is hereby authorized to evaluate and determine whether the Successor Agency will be benefited by the negotiated sale of the 2016 Bonds and, in such event, any Authorized Officer is authorized to negotiate and prepare a Bond Purchase Agreement with the Underwriter to provide for the sale of the 2016

Bonds to the Underwriter and the Underwriter's sale of the bonds to investors through a public offering. The Executive Director and any other Authorized Officer is further authorized and directed, in the event the 2016 Bonds will be sold by public sale, to cause a Preliminary Official Statement to be prepared and finalized in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934. The form of the Bond Purchase Agreement and the Preliminary Official Statement, if prepared, would be presented to the Successor Agency Board for approval at a future public meeting.

**SECTION 8.** The Executive Director of the Successor Agency or any other Authorized Officer, acting on behalf of the Successor Agency, is hereby authorized to evaluate and determine whether to (a) procure a municipal bond insurance policy ("Insurance Policy") and/or a municipal bond debt service reserve fund surety or policy (a "Reserve Policy") with respect to the 2016 Bonds, and (b) to negotiate and enter into such contracts or agreements as may be necessary and appropriate in connection with the purchase of such Insurance Policy and/or Reserve Policy.

**SECTION 9.** The Bank of New York Mellon Trust Company, N.A., is hereby appointed as Trustee, Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed as Bond Counsel and Disclosure Counsel, Wolf & Company, Inc. is hereby appointed as Financial Advisor and Willdan Financial Services is hereby appointed as Fiscal Consultant. The Executive Director of the Successor Agency or any Authorized Officer is hereby authorized and directed to execute contracts with such consultants and advisors as necessary or proper for carrying out the issuance of the Bonds in accordance with the Indenture and this Resolution.

**SECTION 10.** This Resolution shall take effect immediately upon its adoption.

IN WITNESS WHEREOF, this Resolution is adopted and approved the 14th day of January, 2016.

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Scott A. Larsen, Chair

ATTEST:

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Mayra Ochiqi, Secretary

Doc 332945

**INDENTURE OF TRUST**

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

**by and between the**

**SUCCESSOR AGENCY TO THE BELLFLOWER REDEVELOPMENT AGENCY**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Trustee**

**Relating to**

**\$\_\_\_\_\_**  
**Successor Agency to the Bellflower Redevelopment Agency**  
**Taxable Tax Allocation Refunding Bonds, Series 2016**

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”) is made and entered into and dated as of \_\_\_\_\_, 2016, by and between the SUCCESSOR AGENCY TO THE BELLFLOWER REDEVELOPMENT AGENCY, a public entity duly existing under the laws of the State of California (the “Successor Agency”), as successor to the redevelopment activities of the Bellflower Redevelopment Agency (the “Former Agency”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

### WITNESSETH:

**WHEREAS**, the Former Agency is a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of Part 1 of Division 24 of the Health and Safety Code of the State (collectively, as amended, the “Law”), including the power to issue bonds and incur debt for any of its corporate purposes;

**WHEREAS**, Redevelopment Plan for the Bellflower Redevelopment Project (the “Redevelopment Project”) of the Former Agency were adopted and subsequently amended, in compliance with all requirements of the Law, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with;

**WHEREAS**, in order to finance and refinance redevelopment activities within or of benefit to the Redevelopment Project, the Former Agency issued certain outstanding bonds more fully described herein (collectively, the “Refunded Bonds”);

**WHEREAS**, by implementation of California Assembly Bill X1 26, which amended provisions of the Law, and the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos*, the redevelopment components of the Former Agency were dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (as amended, the “Dissolution Act”), and on February 1, 2012, the Successor Agency, in accordance with a resolution adopted by the City Council of the City on November 1, 2011 and pursuant to the Dissolution Act, assumed certain redevelopment components, including the redevelopment related duties and obligations, of the Former Agency as provided in the Dissolution Act, including, without limitation, the obligations of the Former Agency under the Refunded Bonds and the related documents to which the Former Agency was a party;

**WHEREAS**, Section 34177.5(a)(1) of the California Health and Safety Code authorizes the Successor Agency to undertake proceedings for the refunding of outstanding redevelopment related bonds and other obligations of the Former Agency, subject to the conditions precedent contained in said Section 34177.5;

**WHEREAS**, said Section 34177.5 also authorizes the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in said Section 34177.5;

**WHEREAS**, in order to provide moneys to refund the Refunded Bonds (as defined herein) for the purpose of providing debt service savings in accordance with Section 34177.5(a)(1), the Successor Agency has determined to issue its Taxable Tax Allocation Refunding Bonds, Series 2016 (the “2016 Bonds”);

**WHEREAS**, the 2016 Bonds will be issued pursuant to and in accordance with the provisions of Section 34177.5(a)(1) of the California Health and Safety Code, the Law and the Refunding Law;

**WHEREAS**, in order to provide for the authentication and delivery of the 2016 Bonds, to establish and declare the terms and conditions upon which the 2016 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 has determined that all acts and proceedings required by law necessary to make the 2016 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 legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Bonds (as defined below), including the 2016 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, including the 2016 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, including the 2016 Bonds, by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, including the 2016 Bonds, as follows:

## **ARTICLE I**

### **DETERMINATIONS; DEFINITIONS**

**Section 1.01 Findings and Determinations.** The Successor Agency has reviewed all proceedings heretofore taken and, as a result of such review, 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 2016 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the 2016 Bonds in the manner and form provided in this Indenture.

**Section 1.02 Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.02 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.

“**Bonds**” means the 2016 Bonds and any Parity Debt issued pursuant to a Supplemental Indenture.

“**Bond Counsel**” means (a) Stradling Yocca Carlson & Rauth, a Professional Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“**Bond Year**” means each twelve (12) month period extending from February 2 in one calendar year to February 1 of the succeeding calendar year, both dates inclusive; provided that the first Bond Year with respect to the 2016 Bonds shall commence on the Closing Date and end on February 1, 2016.

“**Business Day**” means any day, other than a Saturday or Sunday or a day on which commercial banks in New York, New York, or any other city or cities where the Principal Corporate Trust Office of the Trustee is located are required or authorized by law to close or a day on which the Federal Reserve System is closed.

“**City**” means the City of Bellflower.

“**Closing Date**” means the date on which a series of Bonds is delivered by the Successor Agency to the original purchaser thereof. The Closing Date with respect to the 2016 Bonds is \_\_\_\_\_, 2016.

“**Code**” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2016 Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2016 Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

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

“**Costs of Issuance**” means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, bond insurance and surety bond premiums, if any, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, administrative costs of the Successor Agency and the City incurred in connection with the issuance of the Bonds, expenses of the underwriters of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds.

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

“**County**” means the County of Los Angeles.

**“Debt Service Fund”** means the fund by that name established and held by the Trustee pursuant to Section 4.03.

**“Defeasance Obligations”** 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 and are in compliance with the Successor Agency’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

- (a) Cash;
- (b) Federal Securities, including direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (c) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form;
- (d) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody’s rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and
- (e) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

**“Department of Finance”** means the Department of Finance of the State of California.

**“Depository”** means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.11.

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

**“Dissolution Act”** means California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011, as it has heretofore been amended and as it may hereafter be amended.

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

**“Escrow Agreement”** means the escrow agreement by and between the Successor Agency and the Escrow Bank dated the Closing Date and relating to the 2004 Bonds.

**“Escrow Bank”** shall mean The Bank of New York Mellon Trust Company, N.A..

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

**“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 that is acquired 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) that is acquired 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) any commingled investment fund in which the Successor Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

**“Federal Securities”** means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America.

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

**“Former Agency”** means the Bellflower Redevelopment Agency.

**“Indenture”** means this Indenture of Trust by and between the Successor Agency and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

**“Independent Accountant”** means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom:

(a) is in fact independent and not under domination of the Successor Agency or the City;

(b) does not have any substantial interest, direct or indirect, with the Successor Agency or the City; and

(c) is not connected with the Successor Agency or the City as an officer or employee of the Successor Agency or the City, but who may be regularly retained to make reports to the Successor Agency or the City.

**“Independent Redevelopment Consultant”** means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom:

(a) is judged by the Successor Agency to have experience in matters relating to the collection of Pledged Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under domination of the Successor Agency or the City;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency or the City; and

(d) is not connected with the Successor Agency or the City as an officer or employee of the Successor Agency or the City, but who may be regularly retained to make reports to the Successor Agency or the City.

**“Information Services”** means, in accordance with then current guidelines of the Securities and Exchange Commission, such services providing information with respect to the redemption of bonds as the Successor Agency may designate in a Written Request of the Successor Agency filed with the Trustee.

**“Insured Bonds”** means the 2016 Bonds [maturing on and after February 1, 20\_\_].

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

**“Insurer”** means the 2016 Insurer and, as applicable, the provider of a municipal bond or financial guaranty insurance policy with respect to other Bonds.

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

**“Interest Payment Date”** means each August 1 and February 1, commencing \_\_\_\_\_ 1, 2016, for so long as any of the Bonds remain Outstanding hereunder.

**“Last and Final ROPS”** means a Last and Final Recognized Obligation Payment Schedule authorized by Section 34191.6 of the Dissolution Act.

**“Law”** means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto (including the Dissolution Act).

**“Maximum Annual Debt Service”** means, as of the date of calculation, the largest amount for the current or any future Bond Year payable in such Bond Year. For purposes of such calculation, there shall be excluded payments with respect to each series of Bonds to the extent that

amounts due with respect to such series of Bonds are prepaid or otherwise discharged in accordance with this Indenture.

“**Moody’s**” means Moody’s Investors Service and its successors.

“**Nominee**” means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.11(a).

“**Outstanding**” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except:

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

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03;  
and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

“**Oversight Board**” means the Oversight Board of the Successor Agency established pursuant to the Section 34179 of the Dissolution Act.

“**Owner**” or “**Bondowner**” means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books. The initial Bondowner is City National Bank, a national banking association.

“**Parity Debt**” means any additional bonds, loans, advances or indebtedness issued or incurred by the Successor Agency on a parity with the 2016 Bonds pursuant to Section 3.05, whether issued as Bonds under a Supplemental Indenture or issued under a Parity Debt Instrument.

“**Parity Debt Instrument**” means a resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt, other than a Supplemental Indenture.

“**Participating Underwriter**” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“**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 and are in compliance with the Successor Agency’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the

full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include those 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);

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above or by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates), but only to the extent that the amount being invested in such certificates of deposit, savings accounts, deposit accounts or money market deposits are fully insured by FDIC, including BIF and SAIF;

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated "Aa" or better by Moodys' and "AA" or better by S&P, or unconditionally guaranteed by an entity rated "Aa" or better by Moodys' and "AA" or better by S&P;

(h) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1+" or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s, and “A-1+” by S&P; and

(k) The Local Agency Investment Fund that is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided that for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

“**Pledged Tax Revenues**” means all taxes (i) that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and (ii) that are deposited by the Auditor-Controller of the County of Los Angeles in the Redevelopment Property Tax Trust Fund, all as provided in Section 34172(d) of the Dissolution Act.

“**Principal Account**” means the account by that name established and held by the Trustee pursuant to Section 4.03(b).

“**Principal Corporate Trust Office**” means the corporate trust office of the Trustee in Los Angeles, California, or such other or additional offices as the Trustee may designate in writing to the Successor Agency from time to time as the corporate trust office for purposes of the Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

“**Project Area**” means the area within the Bellflower Redevelopment Project.

“**Qualified Reserve Account Credit Instrument**” means (i) the Reserve Policy, and (ii) an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee with respect to other Bonds, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) S&P or Moody’s have assigned a long-term credit rating to such bank or insurance company at the time of issuance of such Qualified Reserve Account Credit Instrument of “A” (without regard to modifier) or higher; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit, insurance policy or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to the Bonds with respect to which it is deposited or with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a), 4.03(b) or 4.03(c) of this Indenture.

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

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

“**Redemption Account**” means the account by that name established and held by the Trustee pursuant to Section 4.03(d).

“**Redevelopment Obligation Retirement Fund**” means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(b) and administered by the Successor Agency.

“**Redevelopment Plan**” means the Redevelopment Plan for the Bellflower Redevelopment Project adopted and approved by Ordinance No. 72-350, adopted by the City Council of the City on May 16, 1972, as such Redevelopment Plan has previously been amended and as it may hereafter be amended in accordance with the law.

“**Redevelopment Project**” means the undertaking of the Successor Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

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

“**Refunded Bonds**” means the Bellflower Redevelopment Agency, Taxable Tax Allocation Refunding Bonds, Series 2004, currently outstanding in the aggregate principal amount of \$6,095,000.

“**Refunding Fund**” means the 2016 Refunding Fund established and held by the Trustee pursuant to Section 3.04.

“**Refunding Law**” means 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, and the acts amendatory thereof and supplemented thereto.

“**Registration Books**” means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

“**Report**” means a document in writing signed by an Independent Redevelopment Consultant and including:

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

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

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

**“Request for Last and Final ROPS Approval”** means a request submitted by the Successor Agency pursuant to Section 34191.6 of the Dissolution Act for approval by the Department of Finance of a Last and Final ROPS or any amendment to an approved Last and Final ROPS.

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

**“Reserve Policy”** means the Municipal Bond Debt Service Reserve Insurance Policy issued by the 2016 Insurer guaranteeing certain payments into the Reserve Account with respect to the Series 2016 Bonds as provided therein and subject to the limitation set forth therein.

**“Reserve Requirement”** means, subject to Section 4.03(c) of this Indenture, with respect to the 2016 Bonds and each series of Bonds, the lesser of

(i) 125% of the average Annual Debt Service with respect to that series of the Bonds,

(ii) Maximum Annual Debt Service with respect to that series of the Bonds, or

(iii) with respect to an individual series of Bonds, 10% of the original principal amount of that series of Bonds (or, if such series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds);

provided, that in no event shall the Successor Agency, in connection with the issuance of Bonds be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.03(c) hereof.

**“ROPS Period”** means each annual period beginning on July 1 of any calendar year and ending on June 30 of the next calendar year, or such other period as provided in the Dissolution Act.

**“S&P”** means Standard & Poor’s Financial Services LLC, a division of McGraw Hill Financial, and its successors.

**“Securities Depositories”** means The Depository Trust Company, New York, New York 10041-0099, Fax-(212) 855-7232; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Written Request of the Successor Agency delivered to the Trustee.

**“Serial Bonds”** means all Bonds other than Term Bonds.

**“Special Fund”** means the fund held by the Successor Agency established within the Redevelopment Obligation Retirement Fund pursuant to Section 4.02.

“**State**” means the State of California.

“**Supplemental Indenture**” means any supplement to this Indenture which has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“**Term Bonds**” means that portion of any Bonds payable from mandatory sinking account payments.

“**Trustee**” means The Bank of New York Mellon Trust Company, N.A., as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

“**Written Request of the Successor Agency**” or “**Written Certificate of the Successor Agency**” means a request or certificate, in writing signed by the Executive Director or Treasurer of the Successor Agency, or the designee of either, or by any other officer of the Successor Agency or the City duly authorized by the Successor Agency for that purpose.

“**2016 Bonds**” means the \$\_\_\_\_\_ initial aggregate principal amount of Successor Agency to the Bellflower Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2016.

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

**Section 1.03 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 2.01 Authorization of 2016 Bonds.** Two initial issues of Bonds are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture, the Refunding Law, the Dissolution Act and the Law. This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. Such initial issues of Bonds shall be designated the “Successor Agency to the Bellflower Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2016.” The 2016 Bonds shall be issued in the initial aggregate principal amount of \$\_\_\_\_\_.

**Section 2.02 Terms of 2016 Bonds.** The 2016 Bonds shall be issued in fully registered form without coupons. The 2016 Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, so long as no 2016 Bond shall have more than one maturity date. The 2016 Bonds shall be dated as of their Closing Date. The 2016 Bonds shall be lettered and numbered as the Trustee shall prescribe.

The 2016 Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate per annum as follows:

<i>Maturity Date (February 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

Each 2016 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before July 15, 2016, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any 2016 Bond, interest thereon is in default, such 2016 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2016 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the Interest Payment Date to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of the 2016 Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2016 Bonds shall be paid on the succeeding Interest Payment Date by wire to such account in the United States as shall be specified in such written request. The principal of the 2016 Bonds and premium, if any, upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

**Section 2.03 Redemption of 2016 Bonds.**

(a) Optional Redemption. The 2016 Bonds maturing on or prior to February 1, 20[26] are not subject to optional redemption. The 2016 Bonds maturing on or after February 1, 20[27], are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after February 1, 20[26], by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot

within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Successor Agency shall be required to give the Trustee written notice of its intention to redeem 2016 Bonds under this subsection (a) with a designation of the principal amount and maturities to be redeemed at least forty five (45) days prior to the date fixed for such redemption (or such later date as shall be acceptable to the Trustee in the sole determination of the Trustee), and shall transfer to the Trustee for deposit in the Debt Service Fund all amounts required for such redemption not later than the date fixed for such redemption.

(b) Mandatory Sinking Fund Redemption. The 2016 Bonds that are Term Bonds maturing February 1, 20\_\_ and February 1, 20\_\_ shall also be subject to mandatory redemption in whole, or in part by lot, on February 1 in each year, commencing February 1, 20\_\_ and February 1, 20\_\_, respectively, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to Section 4.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on February 1 in the respective years as set forth in the following table[s]; provided however, that (y) in lieu of redemption thereof such Series 2016 Term Bonds may be purchased by the Successor Agency pursuant to Section 2.03(c) hereof, and (z) if some but not all of such Series 2016 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Series 2016 Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

**Series 2016 Term Bonds of 20\_\_**

<i>February 1</i>	<i>Principal Amount</i>
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**Series 2016 Term Bonds of 20\_\_**

<i>February 1</i>	<i>Principal Amount</i>
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(a) Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, (i) to any Insurer and to the Owners of any Bonds designated for redemption at their respective addresses appearing on the

Registration Books, and (ii) to the Securities Depositories and one or more Information Services designated in a Written Request of the Successor Agency filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state, in the case of a redemption pursuant to (a) above, that such redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent; provided, however, the notice of rescission shall not be required to be mailed within the time period required for the notice of redemption.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(b) Partial Redemption of Bonds. In the event 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 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 shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(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, and shall notify the Successor Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so

selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be cancelled and destroyed.

(e) Purchase in Lieu of Redemption. In lieu of redemption of the Serial or Term Bonds pursuant to a Supplemental Indenture, amounts on deposit in the Special Fund or in the Principal Account may also be used and withdrawn by the Successor Agency and the Trustee, respectively, at any time, upon the Written Request of the Successor Agency, for the purchase of the Serial or Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may in its discretion determine. The par amount of any Serial or Term Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Serial or Term Bonds required to be redeemed pursuant to a Supplemental Indenture on February 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

**Section 2.04 Form of 2016 Bonds.** The 2016 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, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

**Section 2.05 Execution of Bonds.** The Bonds shall be executed on behalf of the Successor Agency by the signature of its Executive Director or its Treasurer or the written designee of either 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 hereinbefore set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate 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 2.09 hereof, the temporary Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

**Section 2.06 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 Principal 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 shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like series, tenor, maturity and aggregate principal

amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

**Section 2.07 Exchange of Bonds.** Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for Bonds of the same series, tenor and maturity and of other authorized denominations. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.07. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

The Trustee may refuse to exchange, under the provisions of this Section 2.07, either (a) any Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption.

**Section 2.08 Registration of Bonds.** The Trustee will keep or cause to be kept, at its Principal 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 and copying by the Successor Agency, upon reasonable prior notice to the Trustee; 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. **Notwithstanding the foregoing, a Bondowner may only transfer the Bonds so long as all Outstanding Bonds are transferred together to a new Bondowner who has delivered an Investor Letter (in the form attached as Exhibit B hereto) to the Successor Agency.**

**Section 2.09** [Reserved]

**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 authenticate and deliver, a new Bond of like tenor and amount 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 Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it 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 tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the Successor Agency). The Successor Agency may require payment by the Owner 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 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 System.**

(a) Original Delivery. The Bonds shall be initially delivered in the form of a separate single fully registered Bond without coupons (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, neither the Successor Agency nor the Trustee shall have any responsibility or obligation to any Depository System Participant or to any person on behalf of which the Depository System Participant holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, neither the Successor Agency nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bondowner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the Successor Agency elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bondowner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bondowner shall receive a Bond evidencing the obligation of the Successor Agency to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Successor Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Successor Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondowners. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition

to the execution and delivery of such letter, upon written request of the Depository or the Trustee, the Successor Agency may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

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

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

**Section 2.12 Applicability of Provisions to Additional Bonds.** Unless otherwise provided in a Supplemental Indenture, the provisions of Sections 2.03(c) and 2.05 through 2.11 shall apply to all Bonds.

### ARTICLE III

#### DEPOSIT AND APPLICATION; ADDITIONAL DEBT

**Section 3.01 Issuance of Bonds.** Upon the execution and delivery of this Indenture, the Successor Agency shall execute and deliver to the Trustee the 2016 Bonds in the aggregate principal amount of \$\_\_\_\_\_ and the Trustee shall authenticate and deliver the 2016 Bonds upon the Written Request of the Successor Agency.

**Section 3.02 Application of Proceeds of Sale and Certain Other Amounts.** On the Closing Date with respect to the 2016 Bonds, the proceeds of sale of the 2016 Bonds received by the Trustee shall be applied as follows:

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

(b) The Trustee shall deposit \$\_\_\_\_\_, being the remaining amount of proceeds of the 2016 Bonds in the Refunding Fund.

**Section 3.03 Costs of Issuance Fund.** There is hereby established a separate fund to be known as the “Costs of Issuance Fund”, which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2016 Bonds upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Request of the Successor Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date which is six (6) months following the Closing Date with respect to the 2016 Bonds, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account within the Debt Service Fund and the Costs of Issuance Fund shall be closed.

**Section 3.04 Refunding Fund.** There shall be established a separate and segregated fund to be known as the “2016 Refunding Fund” (the “Refunding Fund”). On the Closing Date with respect to the 2016 Bonds, the Trustee shall transfer the \$\_\_\_\_\_ on deposit in the Refunding Fund to the Escrow Bank for deposit pursuant to the Escrow Agreement. Upon making such transfer, the Trustee shall close the Refunding Fund.

**Section 3.05 Issuance of Parity Debt.** In addition to the 2016 Bonds, the Successor Agency may issue Parity Debt to refund any outstanding 2016 Bonds or other Parity Debt in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue and deliver any such Parity Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Debt:

- (a) No Event of Default hereunder or an event of default under any Parity Debt Instrument shall have occurred and be continuing unless cured by the issuance of such Parity Debt;
- (b) The Parity Debt shall be issued in compliance with Health and Safety Code section 34177.5;
- (c) In the event the Successor Agency issues Parity Debt as Bonds pursuant to a Supplemental Indenture, the Successor Agency shall cause the amount on deposit in the Reserve Account to equal the Reserve Requirement; and
- (d) The Successor Agency shall deliver to the Trustee a Written Certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

**Section 3.06 Issuance of Subordinate Debt.** Notwithstanding the foregoing, no provision herein shall prevent the Successor Agency from issuing additional bonds or incurring other loans, advances or indebtedness payable from Pledged Tax Revenues on a subordinate basis to the 2016 Bonds and the Bonds.

## ARTICLE IV

### SECURITY OF BONDS; FLOW OF FUNDS

**Section 4.01 Security of Bonds; Equal Security.** Subject to the provisions of Section 4.02 and Section 6.06 hereof allowing for the application of Pledged Tax Revenues, all Pledged Tax Revenues and the Redevelopment Obligation Retirement Fund, including the Special Fund therein, and all amounts in the Redevelopment Property Tax Trust Fund, including without limitation any override tax revenues attributable to tax rate overrides levied by taxing agencies within the Project Area that were pledged to the Refunded Bonds, are irrevocably pledged under this Indenture to secure the payment of the principal of and interest or redemption premium (if any) on the 2016 Bonds and all Parity Debt without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Such pledge shall constitute a first and exclusive lien on and security interest in the Pledged Tax Revenues and the Redevelopment Obligation Retirement Fund, including the Special Fund therein, and all amounts in the Redevelopment Property Tax Trust Fund, including without limitation any override tax revenues attributable to tax rate overrides levied by taxing agencies within the Project Area that were pledged to the Refunded Bonds, and will attach, be perfected and be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Successor Agency, irrespective of whether such parties have notice of this Indenture; provided however, the parties hereto acknowledge that the Auditor-Controller of the County of Los Angeles is authorized by Section 34183(a) of the Dissolution Act to use Pledged Tax Revenues to pay the County's administrative costs allowed under Section 34182 and Section 95.3 of the Revenue and Taxation Code and is required by Section 34183(a)(1) of the Dissolution Act to pay Pledged Tax Revenues to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law (unless such payments are subordinated to payments on the 2016 Bonds and Parity Debt pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act). Except for the Pledged Tax Revenues, such amounts and such funds and accounts, no other moneys, funds, accounts or properties of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2016 Bonds or Parity Debt except as provided in the following paragraph with respect to the 2016 Bonds and other Bonds.

The Debt Service Fund and any fund or account created under this Indenture, including amounts on deposit therein (including proceeds of the 2016 Bonds), are irrevocably pledged under this Indenture to secure the payment of the principal of and interest or redemption premium (if any) on the 2016 Bonds and other Bonds without preference or priority for series issue, number, dated date, sale date, date of execution or date of delivery. Such pledge shall constitute a first and exclusive lien on and security interest in the Debt Service Fund and any other fund or account created under this Indenture, and including amounts on deposit therein (including proceeds of the 2016 Bonds), and will attach, be perfected and be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Successor Agency, irrespective of whether such parties have notice of this Indenture.

The parties acknowledge that Section 34177.5(g) of the Dissolution Act provides that the 2016 Bonds and Parity Debt are further secured by a pledge of, and lien on moneys deposited in the Redevelopment Property Tax Trust Fund held by the Auditor Controller of the County of Los Angeles related to the Successor Agency, which moneys, subject to the payment by the Auditor Controller of the County of Los Angeles of certain amounts to the County for administrative costs allowed under Section 34182 and Section 95.3 of the Revenue and Taxation Code and to taxing

entities pursuant to Sections 33607.5 and 33607.7 of the Law, constitute Pledged Tax Revenues as defined herein.

In consideration of the acceptance of the 2016 Bonds and other Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the 2016 Bonds and other Bonds without preference, priority or distinction as to security or otherwise of any of the 2016 Bonds and other 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 4.02 Redevelopment Obligation Retirement Fund; Special Fund; Deposit of Pledged Tax Revenues.** There is hereby established a special fund to be known as the “Special Fund” which is to be held by the Successor Agency within the Redevelopment Obligation Retirement Fund. The Special Fund shall be held by the Successor Agency separate and apart from other funds of the Successor Agency.

The Successor Agency shall deposit all of the Pledged Tax Revenues received with respect to any ROPS Period in accordance with Section 5.13 hereof in the Redevelopment Obligation Retirement Fund. Immediately upon such deposit, the Successor Agency shall transfer into the Special Fund all Pledged Tax Revenues allocable to the payment of the principal of and interest on 2016 Bonds and other Bonds for the current Bond Year. All Pledged Tax Revenues remaining in the Redevelopment Obligation Retirement Fund and in excess of the amount required to make the transfers required herein to the Special Fund and to make any other payments due hereunder, and except as may be provided to the contrary in this Indenture or in any Supplemental Indenture or Parity Debt Instrument, shall be released from the pledge and lien hereunder when applied by the Successor Agency in accordance with the Law, including to the payment of other obligations on a Recognized Obligation Payment Schedule payable after payment of the Bonds as required by Section 34183(a)(2) of the Dissolution Act.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures or under a Parity Debt Instrument, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in this Indenture and in any Supplemental Indenture or in a Parity Debt Instrument.

**Section 4.03 Deposit of Amounts by Trustee.** There is hereby established a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee hereunder in trust. Moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority (provided further that, if on the fifth (5th) Business Day prior to the date the Successor Agency is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Bonds other than the 2016 Bonds, the Successor Agency shall immediately notify the Trustee of the amount of any such insufficiency):

(a) Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date, commencing with the Interest Payment Date of [\_\_\_\_\_ 1, 2016], the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the fifth (5th) Business Day preceding February 1 in each year beginning February 1, 2017, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next February 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next February 1 on all of the Outstanding Serial Bonds and Term Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and the Term Bonds, including by mandatory sinking account redemption, as the same shall become due and payable.

(c) Reserve Account. There is hereby established in the Debt Service Fund a separate account known as the "Reserve Account" solely as security for payments payable by the Successor Agency pursuant to this Section 4.03 and pursuant to any Supplemental Indenture, which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds. The Reserve Requirement for the 2016 Bonds will be satisfied by the delivery of the Reserve Policy by the 2016 Insurer on the Closing Date with respect to the 2016 Bonds.

Except as provided in the preceding paragraph and as may be provided in a Supplemental Indenture, in the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Upon receipt of any such notice and as promptly as is permitted by the Law, the Successor Agency shall transfer to the Trustee an amount from the Special Fund sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

The amounts available under the Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2016 Bonds.

Except as provided above, the amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement at all times prior to the payment of the Bonds in full. If there shall then not be sufficient Pledged Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer

and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement.

All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers hereunder to the Interest Account, the Principal Account and the Sinking Account, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder or under any Parity Debt Instrument, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before two (2) Business Days preceding each August 1 and February 1 by the Trustee and deposited in the Special Fund. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03.

The Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Law.

The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this paragraph (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first legally available Pledged Tax Revenues.

If the Reserve Requirement for a series of Bonds is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture with respect to such series of Bonds. If the Reserve Requirement for a series of Bonds is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a), 4.03(b) or 4.03(c) of this Indenture shall be made in accordance with the terms of such Qualified Reserve Account Credit Instruments. If the Reserve Requirement with respect to a particular series of Bonds is secured by a Qualified Reserve Account Credit Instrument that relates only to such series of Bonds, the calculation of Reserve Requirement for such series of Bonds shall be calculated on a stand alone basis.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee.

(d) **Redemption Account.** All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on Bonds to be redeemed pursuant to any optional redemption provision of a Supplemental Indenture on the date set for such redemption. Interest due on such other Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such other Bonds, the Trustee may, at the direction of the Successor Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such Bonds, which is payable from the Interest Account) as shall be directed by the Successor Agency.

**Section 4.04 Reserved.**

**Section 4.05 Provisions Relating to Insurance Policy.** Notwithstanding any other provision herein to the contrary, the provisions in this Section 4.05 shall apply so long as the Insurance Policy is in effect.

[TO COME FROM INSURER]

**Section 4.06 Provisions Relating to Reserve Policy.** Notwithstanding any other provision herein to the contrary, the provisions in this Section 4.06 shall apply so long as the Reserve Policy is in effect.

[TO COME FROM INSURER]

**ARTICLE V**

**OTHER COVENANTS OF THE SUCCESSOR AGENCY**

**Section 5.01 Punctual Payment.** The Successor Agency shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of this Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, all Supplemental Indentures and the Bonds. Nothing herein contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

**Section 5.02 Limitation on Additional Indebtedness; Against Encumbrances.** The Successor Agency hereby covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues (i) on a basis senior to the Bonds or (ii) on a parity with the Bonds except for Parity Debt issued to refund any of the Bonds or other Parity Debt, and then only if the requirements of

Section 3.05 are met. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Tax Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien herein created for the benefit of the Bonds.

**Section 5.03 Extension of Payment.** The Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such Bond or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

**Section 5.04 Payment of Claims.** The Successor Agency shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Pledged Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

**Section 5.05 Books and Accounts; Financial Statements.** The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Pledged Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the 2016 Insurer, any other Insurer and the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared, within two hundred and seventy (270) days after the close of each Fiscal Year so long as the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Pledged Tax Revenues, all disbursements of Pledged Tax Revenues and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. The Successor Agency shall promptly furnish a copy of such financial statements to the Trustee, the 2016 Insurer and any other Insurer at no expense and to any Owner upon reasonable request and at the expense of such Owner. The Trustee shall have no obligation to review any financial statements provided to it by the Successor Agency.

The Successor Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by the 2016 Insurer and will further provide appropriately designated individuals and officers to discuss the affairs, finances and accounts of the Successor Agency or any other matter as the 2016 Insurer may reasonably request.

**Section 5.06 Protection of Security and Rights of Owners.** The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to Bonds, the Bonds shall be incontestable by the Successor Agency.

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

**Section 5.08 Taxation of Leased Property.** All amounts derived by the Successor Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of this Indenture.

**Section 5.09 Disposition of Property.** The Successor Agency will not participate in the disposition of any land or real property in a Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of issuance of the 2016 Bonds) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the applicable Project Area unless such disposition is permitted as hereinafter provided in this Section 5.09. If the Successor Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the security of the Bonds, or the rights of the Successor Agency, the Bondowners and the Trustee hereunder will not be materially impaired by said proposed disposition, the Successor Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Successor Agency shall disapprove said proposed disposition.

**Section 5.10 Maintenance of Pledged Tax Revenues.** The Successor Agency shall comply with all requirements of the Law and the Dissolution Act to ensure the allocation and payment to it of the Pledged Tax Revenues as provided in the Dissolution Act.

**Section 5.11 Reserved.**

**Section 5.12 Continuing Disclosure.** The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent the Trustee has been indemnified from and against any loss, liability, cost or expense, including, without limitation, fees and expenses of its attorneys and advisors and additional fees and expenses of the Trustee, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

**Section 5.13 Compliance with the Dissolution Act.** The Successor Agency shall comply with all of the requirements of the Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all

public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder.

Further, it will take all actions required under the Dissolution Act to include:

- (i) scheduled debt service on the 2016 Bonds and any Parity Debt and any amount required under this Indenture to replenish the Reserve Account established hereunder or the reserve account established under any Parity Debt Instrument, and
- (ii) amounts due to any Insurer under an insurance or surety bond agreement,

in Recognized Obligation Payment Schedules for each ROPS Period so as to enable the Auditor-Controller of the County of Los Angeles to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective ROPS Period and to pay amounts owed to any Insurer, as well as the other amounts set forth above.

In order to accomplish the foregoing, on or before each February 1 (or at such earlier time as may be required by the Dissolution Act), for so long as any Parity Debt is outstanding, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the Auditor-Controller of the County of Los Angeles that shall provide for the application of the first Pledged Tax Revenues allocated to the Successor Agency in each Bond Year to the payment of (i) all Annual Debt Service due on all Outstanding Parity Debt coming due during the applicable Bond Year as well as all amounts due and owing to the 2016 Insurer hereunder or to any other Insurer, and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture or a reserve account established under any Parity Debt Instrument (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing to the 2016 Insurer hereunder). Without limiting the foregoing, each Recognized Obligation Payment Schedule submitted by the Successor Agency shall demand the allocation to the Successor Agency, on each June 1, moneys from the Redevelopment Property Tax Trust Fund in the full amount of the Annual Debt Service coming due in the applicable Bond Year and, on each January 2, any remaining Annual Debt Service amount for such Bond Year that is not deposited into the Successor Agency's Redevelopment Obligation Retirement Fund from the June 1 Redevelopment Property Tax Trust Fund distribution.

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the 2016 Bonds that relate to the filing of Recognized Obligation Payment Schedules are 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 2016 Bonds and other Parity Debt and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the application of the first Pledged Tax Revenues allocated to the Successor Agency in each Bond Year to the payment of one hundred percent (100%) of the Annual Debt Service for the applicable Bond Year.

**Section 5.14 Further Assurances.** The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably

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

**Section 5.15 Last and Final Recognized Obligation Payment Schedule.** The Successor Agency shall provide the Trustee and each Insurer of Outstanding 2016 Bonds or Parity Debt with copies of (a) any Request for Last and Final ROPS Approval submitted by the Successor Agency and (b) any and all correspondence received from the Department of Finance regarding a Request for Last and Final ROPS Approval, upon receipt thereof. In the event that the Successor Agency and the Department of Finance schedule a meeting or telephone conference to discuss a written denial by the Department of Finance of a Request for Last and Final ROPS Approval, the Successor Agency shall timely notify the Trustee and each Insurer of Outstanding 2016 Bonds or Parity Debt of such meeting or telephone conference. The Trustee shall, and, if the subject of the meet and confer could impact the payment of or security for Insured Bonds or Policy Costs, each potentially affected Insurer shall, have the right to participate in the meeting or telephone conference either by appearance with the Successor Agency or through written submission as determined by the Trustee and such Insurer. In the event the Successor Agency receives a denial of a Request for Last and Final ROPS Approval, whether relating to Insured Bonds or not, and such denial could delay the receipt of tax revenues necessary to pay debt service, Policy Costs, or other amounts owing to an Insurer, the Successor Agency agrees to cooperate in good faith with the Insurer and the Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the Department of Finance relating to such event and to discuss such matters with the Department of Finance directly.

## ARTICLE VI

### THE TRUSTEE

#### Section 6.01 Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or 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, duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Successor Agency may remove the Trustee at any time, but only with the consent of all Insurers, upon thirty days' prior written notice, 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 shall cease to be eligible in accordance with subsection (f) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the

Trustee, with a copy to any Insurer, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency and by giving the Owners and any Insurer 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, with notice of such appointment to be furnished to any Insurer.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (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 at the expense of the Successor Agency 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, acknowledging 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 cause either the predecessor Trustee or the successor Trustee to mail 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.

(e) If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.03(d) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the any Insurer and the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Successor Agency to make any payment when due, the Trustee shall, within thirty (30) days of the Trustee's knowledge thereof, give such notice to any Insurer, and the Trustee, with the consent of any Insurer may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bondowners not to give such notice.

(f) The Successor Agency agrees that, so long as any Bonds are Outstanding, the Trustee shall be: (i) a financial institution having a trust office in the State, having (or in the case of a

corporation, national banking association or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$250,000,000, and subject to supervision or examination by federal or state authority; (ii) a state-chartered commercial bank that is a member of the Federal Reserve System having at least \$1,000,000,000 of assets; or (iii) an entity otherwise approved by all Insurers in writing. If such financial institution 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 financial institution 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 (f), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

**Section 6.02 Merger or Consolidation.** Any bank, national banking association or trust company into which the Trustee may be merged or converted or with which 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 (f) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 6.03 Liability of Trustee.**

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee 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 security for the Bonds or the tax status of interest thereon 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 misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees 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 with respect to any action taken or omitted to be taken by it 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.

(c) The Trustee shall not be liable for any action taken by it 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 misconduct of the Trustee. Where the Trustee is given the permissive right to do things enumerated in this Indenture, such right shall not be construed as a mandatory duty.

(d) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer shall have actual knowledge thereof, or shall have received written notice thereof from the Successor Agency at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no Event of Default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the Successor Agency's certificates to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Pledged Tax Revenues into the Special Fund and the investment and application of moneys on deposit in the Special Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(e) The Trustee shall have no liability or obligation to the Bondowners with respect to the payment of debt service on the Bonds by the Successor Agency or with respect to the observance or performance by the Successor Agency of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Successor Agency pursuant to this Indenture or otherwise.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and the Trustee shall not be responsible for any intentional misconduct or negligence on the part of any agent, attorney or receiver appointed with due care by it hereunder.

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

(i) Before taking any action under Article VIII or this Article at the request of the Owners or any Insurer, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners or any Insurer 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 willful misconduct in connection with any action so taken.

(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 liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(l) 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 6.04 Right to Rely on Documents and Opinions.** The Trustee shall have no liability in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, facsimile transmission, electronic mail, or other paper or document reasonably believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. 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 intentional 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 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 it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

**Section 6.05 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 upon reasonable notice to the inspection of and copying by the Successor Agency and any Insurer and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

**Section 6.06 Compensation and Indemnification.** The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the Successor Agency and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a 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 (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The Successor Agency further covenants and agrees to indemnify, defend and save 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 to the extent arising out of or in connection with the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Successor Agency and the rights of the Trustee under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

**Section 6.07 Deposit and Investment of Moneys in Funds.** Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account, the Redemption Account and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the Successor Agency in the Written Request of the Successor Agency filed with the Trustee, except that moneys in the Reserve Account shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless any such Permitted Investment is described in clause (g) of the definition thereof. In the absence of any such Written Request of the Successor Agency, the Trustee shall hold any such moneys uninvested. The Trustee shall be entitled to rely conclusively upon the written instructions of the Successor Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall

not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the Successor Agency's expense. Moneys in the Special Fund may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account; *provided, however,* that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Successor Agency or otherwise made in accordance with this Section. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

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 monthly cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Successor Agency for earnings derived from funds that have been invested.

The Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. 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.

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued by the Successor Agency at their present value (within the meaning of Section 148 of the Code). Investments on deposit in the Reserve Account shall be valued semiannually two (2) Business Days preceding each August 1 and February 1 at their Fair Market Value.

**Section 6.08 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 accurate entries shall be made of all transactions relating

to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, on at least a monthly basis, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

**Section 6.09 Other Transactions with Agency.** The Trustee, either as principal or agent, may engage in or be interested in any financial or other transaction with the Successor Agency.

## ARTICLE VII

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

**Section 7.01 Amendment With And 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 the consent of any Owners or any Insurer, to the extent permitted by law, but only for any one or more of the following purposes –

(a) to add to the covenants and agreements of the Successor Agency in this Indenture contained, other covenants and agreements thereafter to be observed, including any covenant or agreement that provides for additional security for the Bonds, or to limit or surrender any rights or powers herein reserved to or conferred upon the Successor Agency; or

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

(c) to provide for the issuance of Parity Debt in accordance with Section 3.05; or

(d) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or

(e) to comply with amendments or supplements to the Dissolution Act; or

(f) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument.

Except as set forth in the preceding paragraph, 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 each Insurer (but only with respect to any Bonds insured by such Insurer) and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter

or impair the obligation of the Successor Agency to pay the principal, interest, or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of any Insurer or the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In no event shall any Supplemental Indenture modify any of the rights or obligations of any Insurer without its prior written consent.

**Section 7.02 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 7.03 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, with the prior written consent of any Insurer, 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 Principal 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 at the expense of the Successor Agency 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 Principal Corporate Trust Office of the Trustee, without cost to such Owners.

**Section 7.04 Amendment by Mutual Consent.** The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond and, provided further that written consent to such amendment shall first be obtained from any Insurer.

**Section 7.05 Opinion of Counsel.** Prior to executing any Supplemental Indenture, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such Supplemental Indenture under this Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under this Indenture and does not adversely affect the exclusion of interest on the 2016 Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest on the Bonds from personal income taxation by the State.

**Section 7.06 Copy of Supplemental Indenture to S&P and Moody's.** The Successor Agency shall provide to S&P and Moody's, for so long as S&P and Moody's, as the case may be, maintain a rating on any of the Bonds (without regard to any municipal bond or financial guaranty insurance), a copy of any Supplemental Indenture at least fifteen (15) days prior to its proposed effective date.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

**Section 8.01 Events of Default and Acceleration of Maturities.** The following events shall constitute Events of Default hereunder:

(a) if default shall be made by the Successor Agency 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 Insurer or written notice from any Owner (with a copy of said notice delivered to the Trustee and any Insurer) of the occurrence of such default, provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency (with the prior written consent of any Insurer) within such thirty (30) day period and the Successor Agency thereafter diligently and in good faith cures such failure in a reasonable period of time as approved by any Insurer;

(c) If the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition by the Successor Agency seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition by the Successor Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property; or

(d) The principal of any Parity Obligation shall be declared immediately due and payable under the terms of a Parity Debt Instrument.

In determining whether an Event of Default has occurred under (a) above, no effect shall be given to payments made under any municipal bond insurance policy, financial guaranty insurance policy or Qualified Reserve Account Credit Instrument.

If an Event of Default has occurred under this Section and is continuing, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (y) 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, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (z) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bondowners in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to each Insurer and to the Successor Agency by telephone promptly confirmed 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 subsections (a) or (c) above the Trustee shall, and with respect to any Event of Default described in subsection (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, 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, with the written consent of a majority in aggregate principal amount of the Owners of the Bonds then Outstanding, 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), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) 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 Trustee shall promptly give written notice of the foregoing to any Insurer and the Owners of all Bonds then Outstanding, and with the prior written approval of 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 then Outstanding, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

**Section 8.02 Application of Funds Upon Acceleration.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture (including the Trustee's share of any 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 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the 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 (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the 2016 Bonds and Parity Debt for principal and interest, as applicable, with interest on the overdue principal, and installments of interest at the net effective rate then borne by the Outstanding 2016 Bonds or Parity

Debt (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 2016 Bonds and Parity Debt, then to the payment of such principal and interest without preference or priority, ratably to the aggregate of such principal and interest.

**Section 8.03 Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds 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 8.04 Limitation on Owner's Right to Sue.** No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Successor Agency, the Trustee and any Insurer written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding 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) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

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

**Section 8.05 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 or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee 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 and the Trustee by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the Successor Agency, the Trustee 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 8.06 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, however, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

**Section 8.07 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

**Section 8.08 Determination of Percentage of Bondowners.** Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Outstanding Bonds (including by the Owners of a majority in aggregate principal amount of the Outstanding Bonds), such percentage shall be calculated on the basis of the principal amount of the Outstanding Bonds determined as of the next succeeding Interest Payment Date.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01 Special Obligations.** The Bonds are special obligations of the Successor Agency secured by a pledge and lien as described in Section 4.01 hereof. The Bonds are not debts, liabilities or obligations of the City of Bellflower, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those pledged

by the Successor Agency. The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

**Section 9.02 Benefits Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, each Insurer, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee, such Insurers and the Owners. To the extent that this Indenture confers upon or gives any Insurer any right, remedy or claim under or by reason of this Indenture, each Insurer is hereby explicitly recognized as being third-party beneficiaries hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

**Section 9.03 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 9.04 Discharge of Indenture.**

(a) 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 or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or an escrow agent, 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 or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, or;

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations in such amount as an Independent 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 or the applicable portion thereof (including all principal, interest and redemption premiums) 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 2.03(c) 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 amounts, funds and accounts described in Section 4.01 hereof and all other obligations of the Trustee and the Successor Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the

Bonds which has been paid and discharged, except only (A) the covenants of the Successor Agency hereunder with respect to the Code, (B) the obligation of the Trustee to transfer and exchange Bonds hereunder, (C) the obligations of the Successor Agency under Section 6.06 hereof, and (D) the obligation of the Successor Agency to pay or cause to be paid to the Owners (or any Insurer), from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee and any Insurer all fees, expenses and costs of the Trustee and any Insurer. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the Successor Agency.

Notwithstanding anything herein to the contrary, to accomplish the defeasance of Insured Bonds, at least three Business Days prior to any defeasance, the Successor Agency shall deliver to any Insurer of such Insured Bonds draft copies of an escrow agreement, and opinion of Bond Counsel regarding the validity and enforceability of the escrow agreement and the defeasance of such Insured Bonds, and a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to such Insurer and shall be in form and substance satisfactory to such Insurer. In addition, the escrow agreement shall provide that: a) any substitution of securities shall require the delivery of a verification report, an opinion of Bond Counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Bonds is excludable) from gross income of the holders of the Insured Bonds of the interest on the Insured Bonds for federal income tax purposes and the prior written consent of such Insurer; and b) the Successor Agency shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of such Insurer.

(b) Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due of the Bonds is paid by any Insurer, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, and the assignment and pledge of the Pledged Tax Revenues and other assets hereunder and all covenants, agreements and other obligations of the Successor Agency to the Bondowners so paid shall continue to exist and shall run to the benefit of such Insurer, and such Insurer shall be subrogated to the rights of such Bondowners, as applicable.

**Section 9.05 Execution of Documents and Proof of Ownership by Owners.** Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by such Owner's 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 proved by the Registration Books.

Any demand, request, direction, consent, 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 and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

**Section 9.06 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. Upon request of the Trustee, the Successor Agency and the City 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 9.07 Waiver of Personal Liability.** No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

**Section 9.08 Destruction of Cancelled Bonds.** Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon 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 9.09 Notices.** Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt when mailed by first class, registered or certified mail, postage prepaid, or sent by facsimile, addressed as follows:

If to the Successor Agency:                      Successor Agency to the Bellflower Redevelopment Agency  
16600 Civic Center Drive  
Bellflower, CA 90706  
Attention: Finance Director

If to the Trustee:                                      The Bank of New York Mellon Trust Company, N.A.  
  
Attention: Corporate Trust Department

The Successor Agency and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 9.10 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 6.01 hereof, be assumed by and vest in the Treasurer of the Successor Agency in trust for the benefit of the Owners. The Successor Agency covenants for the direct benefit of the Owners that its Treasurer 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 Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

**Section 9.11 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 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 Bondowners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

**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.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE BELLFLOWER REDEVELOPMENT AGENCY has caused this Indenture to be signed in its name by its Chairman, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE BELLFLOWER REDEVELOPMENT AGENCY

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

ATTEST:

\_\_\_\_\_  
Secretary

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

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

**EXHIBIT A**

**(FORM OF 2016 BOND)**

**THE REGISTERED OWNER OF THIS BOND ACKNOWLEDGES AND AGREES THAT THIS BOND MAY ONLY BE TRANSFERRED UPON SATISFACTION OF THE REQUIREMENTS IN THE INDENTURE OF TRUST, INCLUDING THE DELIVERY TO THE TRUSTEE OF AN INVESTOR LETTER IN THE FORM REQUIRED BY THE INDENTURE OF TRUST. ANY TRANSFER OF THIS BOND IN VIOLATION OF THE TRANSFER RESTRICTIONS CONTAINED IN THE INDENTURE OF TRUST SHALL BE VOID AND OF NO EFFECT.**

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA**

**SUCCESSOR AGENCY TO THE  
BELLFLOWER REDEVELOPMENT AGENCY  
TAXABLE TAX ALLOCATION REFUNDING BONDS, SERIES 2016**

INTEREST RATE:      MATURITY DATE:      DATED DATE:      CUSIP:  
February 1, \_\_\_\_\_

REGISTERED OWNER:      CEDE & CO.

PRINCIPAL SUM:      DOLLARS

The SUCCESSOR AGENCY TO THE BELLFLOWER REDEVELOPMENT AGENCY, a public entity duly 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 (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for, if any), the Principal Sum stated above and to pay interest thereon from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this 2016 Bond, unless (i) this 2016 Bond is authenticated after the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day (the "Record Date") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this 2016 Bond is authenticated on or before July 15, 2016, in which event it shall bear interest from the Dated Date above; provided however, that if at the time of authentication of this 2016 Bond, interest is in default on this 2016 Bond, this 2016 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this 2016 Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on August 1 and February 1 in each year, commencing \_\_\_\_\_ 1, 2016 (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon redemption hereof, if any, are payable in lawful money of the United States of America upon presentation and surrender of this 2016 Bond at

the corporate trust office (the “Principal Corporate Trust Office”) of The Bank of New York Mellon Trust Company, N.A., in Los Angeles, California, as trustee (the “Trustee”). Interest hereon (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the Interest Payment Date to the Registered Owner hereof at the Registered Owner’s address as it appears on the Registration Books maintained by the Trustee at the close of business on the preceding Record Date; provided however, that at the written request of any Registered Owner of at least \$1,000,000 aggregate principal amount of the 2016 Bonds (as defined below), which written request is on file with the Trustee on any Record Date, interest hereon shall be paid by wire to such account in the United States as is specified in such written request.

This 2016 Bond is one of a duly authorized issue of bonds of the Successor Agency designated as “Successor Agency to the Bellflower Redevelopment Agency Tax Allocation Bonds, 2016” (the “2016 Bonds”), of an aggregate principal amount of \$\_\_\_\_\_, all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, or redemption, if any, and other provisions) and all issued pursuant to the provisions 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 (the “Refunding Law”), the Dissolution Act (as such term is defined in the Indenture), and the Community Redevelopment Law and Community Development Commission Law, constituting Parts 1 and 1.7 of Division 24 of the California Health and Safety Code (the “Law”), and pursuant to an Indenture of Trust, dated as of April 1, 2016, entered into by and between the Successor Agency and the Trustee (the “Indenture”), providing for the issuance of the 2016 Bonds.

The 2016 Bonds are being issued in the form of registered 2016 Bonds without coupons. Additional Parity Debt may be issued on a parity with the 2016 Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the Law for a description of the terms on which the 2016 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 2016 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 2016 Bond, by acceptance hereof, assents and agrees. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The 2016 Bonds have been issued by the Successor Agency for the purpose of providing funds to refinance certain bonds with respect to the Project Area (as such term is defined in the Indenture) and to pay certain expenses of the Successor Agency in issuing the 2016 Bonds.

The 2016 Bonds are special obligations of the Successor Agency and this 2016 Bond and the interest hereon and on all other 2016 Bonds and the interest thereon (to the extent set forth in the Indenture), are secured by a statutory pledge of, and lien on, Pledged Tax Revenues deposited in the Redevelopment Property Tax Trust Fund held by the Auditor-Controller of the County of Los Angeles, subject to the payment of the County’s administrative charges and certain amounts to taxing entities pursuant to the Dissolution Act, and a pledge of, security interest in and lien on the Pledged Tax Revenues, as more fully described in the Indenture, on deposit in the Redevelopment Obligation Retirement Fund, including the Special Fund therein, and the Debt Service Fund and any fund or account created under the Indenture, and are payable from Pledged Tax Revenues remaining after payment of certain amounts to certain taxing entities as provided in the Dissolution Act and the Indenture.

There has been created, and will be maintained by, the Successor Agency the Special Fund (as defined in the Indenture) into which Pledged Tax Revenues deposited by the County of Los Angeles Auditor-Controller in the Redevelopment Obligation Retirement Fund shall be transferred and from which the Successor Agency shall transfer amounts to the Trustee for payment, when due, of the principal of and the interest and redemption premium, if any, on the 2016 Bonds and any additional Bonds (as defined in the Indenture).

The Bonds are subject to optional redemption and mandatory redemption from mandatory sinking fund payments as provided in the Indenture.

As provided in the Indenture, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

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

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

The 2016 Bonds are issuable as fully registered 2016 Bonds without coupons in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, 2016 Bonds may be exchanged for a like aggregate principal amount of 2016 Bonds of other authorized denominations and of the same series, tenor and maturity.

This 2016 Bond is transferable 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 to the Trustee at the Principal Corporate Trust Office for cancellation, but only in the manner and subject to the limitations provided in the Indenture. **Notwithstanding the foregoing, a Bondowner may only transfer this Bond so long as all Outstanding Bonds are transferred together to a new Bondowner who has delivered an Investor Letter (in the form attached to the Indenture as Exhibit B) to the Successor Agency.** Upon registration of such transfer a new fully registered 2016 Bond or 2016 Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same series, tenor and maturity will be issued to the transferee in exchange herefor. The Trustee may refuse to transfer or exchange (a) any 2016 Bond during the

fifteen (15) days prior to the date established for the selection of 2016 Bonds for redemption, if any, or (b) any 2016 Bond selected for redemption, if any.

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 2016 Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the respective Insurer and the Registered Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall a Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In no event shall any Supplemental Indenture modify any of the rights or obligations of any Issuer without its prior written consent.

Unless this 2016 Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Successor Agency or the Trustee for registration of transfer, exchange, or payment, and any 2016 Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This 2016 Bond is not a debt, liability or obligation of the City of Redlands, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this 2016 Bond be payable out of any funds or properties other than those pledged by the Successor Agency. The 2016 Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this 2016 Bond do exist, have happened or have been performed in due and regular time and manner as required by the Law and the laws of the State of California, and that the amount of this 2016 Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of 2016 Bonds permitted to be issued under the Indenture.

This 2016 Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee’s Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Successor Agency to the Bellflower Redevelopment Agency has caused this 2016 Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary, all as of the Dated Date set forth above.

**SUCCESSOR AGENCY TO THE  
BELLFLOWER REDEVELOPMENT AGENCY**

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

ATTEST:

\_\_\_\_\_  
Secretary

**STATEMENT OF INSURANCE**

[TO COME FROM INSURER]

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the 2016 Bonds described in the within-mentioned Indenture.

Authentication Date: \_\_\_\_\_, 2016

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

**(FORM OF ASSIGNMENT)**

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

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(Name, Address and Tax Identification or Social Security Number of Assignee)  
the within-registered Bond and hereby irrevocably constitute(s) and appoints(s)  
\_\_\_\_\_ attorney,

to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

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

Signatures Guaranteed:

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

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

**EXHIBIT B**

**\$ \_\_\_\_\_**  
**SUCCESSOR AGENCY TO THE**  
**BELLFLOWER REDEVELOPMENT AGENCY**  
**TAXABLE TAX ALLOCATION REFUNDING BONDS, SERIES 2016**

**FORM OF INVESTOR LETTER**

\_\_\_\_\_, 2016

Successor Agency to the Bellflower Redevelopment Agency  
Bellflower, California

The Bank Of New York Mellon Trust Company, N.A.,  
Los Angeles, California

Stradling Yocca Carlson & Rauth, a Professional Corporation  
Newport Beach, California

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby acknowledges receipt of \$\_\_\_\_\_ in aggregate principal amount of the above-captioned bonds (the “Bonds”), dated \_\_\_\_\_, 2016 in fully registered form and bearing interest from the date thereof.

1. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations of a nature similar to the Bonds to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds.

2. We are acquiring the Bonds for our own account and not with a view to, or for sale in connection with, any distribution of the Bonds or any part thereof. We have not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and we have no present intention of reselling or otherwise disposing of the Bonds.

3. As a sophisticated investor, we have made our own credit inquiry and analysis with respect to the Successor Agency to the Bellflower Redevelopment Agency (the “Issuer”) and the Bonds, and have made an independent credit decision based upon such inquiry and analysis. The Issuer has furnished to us all the information which we as a reasonable investor have requested of the Issuer as a result of our having attached significance thereto in making our investment decision with respect to the Bonds, and we have had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Issuer and the Bonds. We are able and willing to bear the economic risk of the purchase and ownership of the Bonds.

4. We understand that the Bonds have not been registered with any federal or state securities agency or commission.

5. We acknowledge that the Bonds are transferable upon presentation to the bond registrar and are transferable in authorized denominations as provided in the Indenture provided that:

(i) the transferring holder thereof shall first have complied with all applicable state and federal securities laws and regulations;

(ii) the transferring holder thereof is transferring the Bonds only to a transferee who executes and delivers to the Issuer a letter of the transferee substantially in the form of this letter and who qualifies as: a qualified institutional buyer pursuant to Rule 144A of the Securities Act of 1933, as amended (the “1933 Securities Act”);

(iii) the transferring holder thereof will not prepare or furnish, or cause to be prepared or furnished, any disclosure regarding the Issuer’s finances without the prior review and written consent of the Issuer, in the Issuer’s sole discretion.

6. The Investor certifies that it is a “qualified institutional buyer” within the meaning of Rule 144A of the Securities Act.

[INVESTOR]

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

**2004 ESCROW AGREEMENT**

THIS 2004 ESCROW AGREEMENT dated as of \_\_\_\_\_, 2016 (the “Agreement”), by and between the Successor Agency to the Bellflower Redevelopment Agency (the “Agency”) and The Bank of New York Mellon Trust Company, N.A., as escrow bank (the “Escrow Bank”), is entered into in accordance with a Resolution of the Agency, adopted on January 14, 2016 and that certain Indenture of Trust dated as of April 1, 2004 (the “Indenture”), by and between the dissolved Bellflower Redevelopment Agency (the “Former Agency”) and The Bank of New York Mellon Trust Company, as successor trustee to BNY Western Trust Company (the “Prior Trustee”), to refund all of the outstanding Bellflower Redevelopment Agency Bellflower Redevelopment Project Taxable Tax Allocation Refunding Bonds, Series 2004 (the “Refunded Bonds”).

W I T N E S S E T H :

WHEREAS, the Former Agency previously issued the Refunded Bonds pursuant to the Indenture;

WHEREAS, the Agency has determined that a portion of the proceeds of the \$\_\_\_\_\_ aggregate principal amount of the Successor Agency to the Bellflower Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2016 (the “2016 Bonds”) issued pursuant to the Indenture of Trust, dated as of \_\_\_\_\_, 2016, by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, will be used to provide the funds to redeem on \_\_\_\_\_, 2016 the principal of the Refunded Bonds maturing after February 1, 2016 without premium, along with interest accrued to such date (the “Redemption Price”); and

WHEREAS, the moneys deposited with the Escrow Agent will be sufficient, along with certain other moneys deposited with the Escrow Agent at the same time pursuant to this Agreement, to redeem and discharge the Refunded Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Agency and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The Agency hereby instructs the Escrow Agent to deposit \$\_\_\_\_\_ received from the Trustee from the net proceeds of the sale of the 2016 Bonds in the Escrow Fund established hereunder. The Escrow Agent shall hold all such amounts in cash in an irrevocable escrow separate and apart from other funds of the 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 Agreement.

SECTION 2. Sufficiency of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to deposit such moneys in the Escrow Fund. The Escrow Agent shall be entitled to rely upon the conclusion of [Grant Thornton, LLP] (the “Verification Agent”), that the cash on deposit in the Escrow Fund will be sufficient to pay the Redemption Price of the Refunded Bonds maturing on and after February 1, 2016 on \_\_\_\_\_, 2016.

SECTION 3. Payment of Refunded Bonds.

(a) Payment. From the moneys on deposit in the Escrow Fund, the Escrow Agent shall, on \_\_\_\_\_, 2016, apply the amounts on deposit in the Escrow Fund to pay the Redemption Price of the Refunded Bonds maturing after February 1, 2016. Upon the complete redemption of the Refunded Bonds, the Escrow Agent shall close the Escrow Fund and transfer any remaining proceeds therein to the Agency.

(b) Irrevocable Instructions to Provide Notice. The form of the notice of redemption required to be mailed pursuant to Section 6.3 of the Indenture was mailed by the Trustee on \_\_\_\_\_, 2016. The Agency hereby irrevocably instructs the Escrow Agent to mail a notice of defeasance of the Refunded Bonds in the form attached hereto as Exhibit A.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for two years after \_\_\_\_\_, 2016 shall be repaid by the Escrow Agent to the Agency.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a first and exclusive lien on all moneys in the Escrow Fund until such moneys are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof all obligations of the Agency under the Indenture with respect to the Refunded Bonds shall cease, terminate and become void except as set forth in the Indenture.

SECTION 4. Application of Certain Terms of the Indenture. All of the terms of the Indenture relating to the making of payments of principal of and interest on the Refunded Bonds and relating to the exchange or transfer of the Refunded Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article IX of the Indenture relating to the resignation and removal and merger of the Trustee under the Indenture are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 5. 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 6. Escrow Agent's Authority to Make Investments. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys held hereunder.

SECTION 7. Indemnity. The 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 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 whatsoever 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 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 Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the Agency shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall the 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 Agreement and the resignation or removal of the Escrow Agent.

**SECTION 8. Responsibilities of Escrow Agent.** The Escrow Agent and its 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 Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the moneys in the Escrow Fund to pay or redeem the Refunded Bonds, as the case may be, or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this 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 Agency, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded Bonds or to the validity of this Agreement as to the 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 Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the 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 Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Agency.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Agency elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) 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 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 instructions conflict or are inconsistent with a subsequent written instruction. The Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

No provision of this 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 Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Agency periodic cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

SECTION 9. Amendments. This Agreement is made for the benefit of the 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 Agency; provided, however, that the Agency and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, the Refunding Law (as defined in the Indenture), or the Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, 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 various Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 10. [Reserved.]

SECTION 11. Term. This 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 Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 3(c) of this Agreement.

SECTION 12. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the Agency and any other reasonable fees and expenses of the Escrow Agent approved by the Agency; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert 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 Agreement.

SECTION 13. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the 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 Agreement.

SECTION 14. Counterparts. This 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 15. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 16. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the Agency in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 17. Notice to District and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at 400 South Hope Street, Suite 400, Los Angeles, CA 90071, Attention: Corporate Trust Department. Any notice to or demand upon the Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Agency at 16600 Civic Center Drive, Bellflower, California 90706, Attention: Executive Director (or such other address as may have been filed in writing by the Agency with the Escrow Agent).

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]*

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

SUCCESSOR AGENCY TO THE  
BELLFLOWER REDEVELOPMENT AGENCY

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

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Escrow Agent

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

**EXHIBIT A**

**NOTICE OF DEFEASANCE**

BELLFLOWER REDEVELOPMENT AGENCY  
BELLFLOWER REDEVELOPMENT PROJECT  
TAXABLE TAX ALLOCATION REFUNDING BONDS, SERIES 2004

BASE CUSIP<sup>†</sup> NO. \_\_\_\_\_

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (as further defined below, the “Refunded Bonds”), that the Successor Agency to the Bellflower Redevelopment Agency (the “Agency”) has deposited with The Bank of New York Mellon Trust Company, N.A., successor-in-interest to BNY Western Trust Company, as trustee (the “Trustee”) under that certain Indenture of Trust dated as of April 1, 2004 (the “Indenture”), cash which will provide moneys sufficient to redeem on \_\_\_\_\_, 2016, the principal of the Refunded Bonds maturing after February 1, 2016, along with interest accrued to such date.

The Refunded Bonds to be defeased are as follows:

<i>CUSIP<sup>†</sup></i>	<i>Maturity (February 1)</i>	<i>Rate</i>	<i>Amount</i>
		%	\$

In accordance with the Indenture, the Refunded Bonds are deemed to have been paid in accordance with Section 11.1 thereof and the obligations of the Agency under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

Dated this \_\_\_\_ day of \_\_\_\_\_, 2016.

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SUCCESSOR AGENCY TO THE BELLFLOWER REDEVELOPMENT AGENCY  
TAXABLE TAX ALLOCATION REFUNDING BONDS, SERIES 2016

PLACEMENT AGENT AGREEMENT

\_\_\_\_\_, 2016

Successor Agency to the Bellflower Redevelopment Agency  
16600 Civic Center Drive  
Bellflower, CA 90706

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the "Placement Agent"), acting on its own behalf and not as a fiduciary or agent of any other party, offers to enter into the following agreement (this "Agreement") with respect to the above-entitled bonds (the "Bonds") with the Successor Agency to the Bellflower Redevelopment Agency (the "Agency"), which, upon acceptance by the Agency, will be binding upon the Agency and the Placement Agent. Capitalized terms that are used in this offer and not otherwise defined herein shall have the respective meanings ascribed to them in the Indenture of Trust, dated as of \_\_\_\_\_ 1, 2016 (the "Indenture") between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee.

Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Placement Agent and Agency hereby agree as follows:

**1. Appointment of Placement Agent; Placement of the Bonds.**

(i) The Agency hereby appoints the Placement Agent to act, and the Placement Agent hereby agrees to act, as a placement agent for the Agency in connection with the private sale of the Bonds, and the Placement Agent hereby accepts such appointment.

The Bonds shall be issued in the principal amount and shall bear interest at the rate set forth as provided in the Indenture, and shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds shall mature on February 1 in each of the years and in the amounts set forth in the Indenture and shall bear interest on each Interest Payment Date at the rates set forth in the Indenture. Interest on the Bonds shall be payable semi-annually on each February 1 and August 1 of each year, commencing August 1, 2016.

As compensation for its services hereunder, the Placement Agent shall charge a fee equal to \$55,000 (such fee includes costs for Placement Agent counsel and excludes certain costs related to the California Debt and Investment Advisory Commission). At the closing of any such sale, the Agency shall pay or cause to be paid such fee to the Placement Agent by wire transfer or immediately available funds. The above fee does not include any services the Placement Agent may render in the future to the Agency with respect to any offering or placement of municipal securities other than the Bonds.

(ii) The Agency understands that the Placement Agent will be acting as the agent of the Agency in the offering and sale of the Bonds and agrees that, in connection therewith, the Placement Agent will use its “best efforts” to place the Bonds, and the Agency hereby retains the Placement Agent as an agent of the Agency to offer and place, on an all or none basis. This Agreement shall not give rise to any expressed or implied commitment by the Placement Agent to purchase or place any of the Bonds.

(iii) The Placement Agent has the right to use or to disclose any information, including, but not limited to, the legal documents prepared in connection with the issuance of the Bonds: (i) which is, at the time of disclosure, generally known or available to the public (other than as a result of a breach of this Agreement); (ii) which becomes, at a later date, generally known or available to the public through no fault of the Placement Agent and then only after said later date; (iii) which is disclosed to the Placement Agent in good faith by a third party who, to Placement Agent’s knowledge, has an independent right to such information and is under no known obligation not to disclose it to the Placement Agent; (iv) which is possessed by the Placement Agent, as evidenced by such Placement Agent’s written or other tangible evidence; (v) to the extent expressly required by any governmental, judicial, supervisory or regulatory authorities pursuant to federal or state law, subpoena or similar legislative, administrative or judicial process; or (vi) the use of which is consented to by the express prior written consent of an authorized representative of the Agency.

(iv) The Indenture shall contain provisions limiting transfers of the Bonds to certain investors. The Placement Agent shall, on a “best efforts” basis, make offers and placements of the Bonds solely to persons qualified to purchase the Bonds, including entities affiliated with the Placement Agent (“Approved Buyers”) (each such purchaser herein referred to as a “Purchaser”) and shall deliver to the Agency (i) a completed and duly executed Investor Letter substantially in the form included as Exhibit B (Form of Investor Letter) in the Indenture, and (ii) a subscription agreement, bond purchase agreement, term sheet, private placement agreement or commitment letter (each such subscription agreement, bond purchase agreement, term sheet, private placement agreement or commitment letter herein referred to as a “Bond Purchase Agreement”) from Purchasers to purchase Bonds in form and substance satisfactory to the Agency. There is no assurance that any or all of the Bonds will be sold, and the Placement Agent is under no obligation to purchase any of the Bonds on its own behalf or on behalf of others.

(v) The Agency shall (i) allow each Purchaser an opportunity to conduct its own independent examination of, and ask questions and receive answers concerning, the Agency, the Indenture, the Bonds, and the security therefor, and the transactions and documents related to or contemplated by the foregoing, and (ii) furnish each Purchaser with all documents and information regarding the Agency, the Indenture, the Bonds, and the security therefor, and the transactions and documents related to or contemplated by the foregoing, and all matters related thereto, that such Purchaser requests.

(vi) The Agency acknowledges and agrees that (i) arranging for Approved Buyers to purchase the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Agency and the Placement Agent, (ii) in connection with such transaction, the Placement Agent is acting solely as a principal and not as an agent or a fiduciary of the Agency, (iii) the Placement Agent has not assumed (individually or collectively) a fiduciary responsibility in favor of the Agency with respect to (x) the placement of the Bonds or the process leading thereto (whether or not the Placement Agent has advised or is currently advising the Agency on other matters), or (y) any other obligation to the Agency except the obligations expressly set forth in this Agreement, and (iv) the Agency has consulted with its own legal and other professional advisors to the extent it deemed appropriate in connection with the placement of the Bonds. The Agency agrees that it will not claim that the Placement Agent has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Agency in connection with such transaction or the process leading thereto. The Placement Agent is not acting as a municipal advisor as defined in Section 15B of the Securities Exchange Act of 1934, as amended, in connection with the matters contemplated by this Agreement.

**2. Covenants, Representations and Warranties of the Agency.** The Agency represents, warrants and agrees as follows:

(i) the Agency is, and will be at the Closing Date, duly organized, validly existing and operating pursuant to the laws of the State of California (the "State") with full power and authority to observe and perform the covenants and agreements set forth in this Agreement;

(ii) by official action of the Agency, prior to or concurrently with the acceptance hereof, the Agency (a) has duly adopted a resolution authorizing and approving the execution and delivery of this Agreement, and the performance of its obligations contained herein, and (b) such resolution is in full force and effect and has not been amended or supplemented as of the date hereof;

(iii) any certificate signed by an authorized officer of the Agency and delivered to the Placement Agent shall be deemed a representation and warranty by the Agency in connection with this Agreement to the Placement Agent as to the statements made therein for the purposes for which such statements are made; and

(iv) the Agency agrees promptly from time to time to take such action as the Placement Agent may reasonably request to qualify, if such qualification is necessary, the Bonds for offering and sale as a private placement under the securities laws of such States as the Placement Agent may reasonably request, and the Agency further agrees to comply with such laws so as to permit such offers and sales. Any applicable filings will be prepared by the Agency's counsel, whose fees and disbursements in connection therewith shall be for the account of the Agency.

**3. Reliance.** The Agency recognizes that, in providing services under this Agreement, the Placement Agent will rely upon and assume the accuracy and completeness of the financial, accounting, tax and other information discussed with or reviewed by the Placement Agent for such purpose, and the Placement Agent does not assume responsibility for the accuracy and completeness thereof. The Placement Agent will have no obligation to conduct any independent evaluation or appraisal of the assets or the liabilities of the Agency or any other party or to advise or opine on related solvency issues. Nothing in this Agreement is intended to confer upon any other person (including creditors, employees or other constituencies of the Agency) any rights or remedies hereunder or by reason hereof.

**4. Termination.** The Placement Agent's authorization to carry out its duties hereunder may be terminated by the Agency or the Placement Agent at any time with or without cause, effective upon receipt of written notice to that effect by the other party.

**5. Notices.** Any notice or other communication to be given to any of the parties to this Agreement may be given by delivering the same in writing as follows: to the Agency at the address set forth above; and to the Placement Agent at Stifel, Nicolaus & Company, Incorporated, 515 South Figueroa Street, Suite 1800, Los Angeles, California 90071 Attn.: Jose Vera.

**6. Survival of Representations, Warranties and Agreements.** This Agreement is made solely for the benefit of the Agency and the Placement Agent, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Agency contained in this Agreement shall remain operative and in full force and effect regardless of delivery of any payment for the Bonds.

**7. Counterparts.** This 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.

**8. Effectiveness.** This Agreement shall become effective upon the execution of the acceptance hereof by a duly authorized signatory of the Agency, which acceptance hereof shall be indicated on the signature page hereof, and shall be valid and enforceable as of the time of such acceptance. This Agreement may be executed by facsimile transmission and in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

**9. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

**10. No Prior Agreements.** This Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Bonds.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,  
INCORPORATED**

By: \_\_\_\_\_  
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

**SUCCESSOR AGENCY TO THE BELLFLOWER REDEVELOPMENT AGENCY**

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



## MUNICIPAL FINANCE CORPORATION

2945 Townsgate Road, Suite 200  
Westlake Village, CA 91361  
Telephone (805) 267-7140  
Fax (805) 267-7142  
www.munifinance.com

### SUMMARY OF TERMS AND CONDITIONS

Municipal Finance Corporation, on behalf of City National Bank, is pleased to present a refinancing proposal to the Successor Agency to the Bellflower Redevelopment Agency. The proposed terms and conditions are as follows:

Date: January 4, 2016

Borrower: Successor Agency to the Bellflower Redevelopment Agency (the "Agency")

Type of Issue: 2016 Taxable Tax Allocation Refunding Bonds (the "2016 Bonds")

Purchaser Representative: Municipal Finance Corporation

Purchaser: City National Bank

Issue Amount: Approximately \$5,800,000

Maturity Date: February 1, 2034

Interest Rate: 4.95%, held firm through a closing date no later than March 15, 2016

Payments: Semi-annual interest due on February 1 and August 1 and annual principal due on February 1.

Optional Prepayment: Commencing on 2/1/21 and on any business day thereafter with no premium.

Reserve Fund: Not required

Purchaser Fees: \$10,000 to cover Purchaser Representative fee

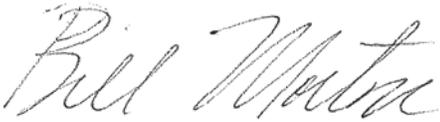
Security: The 2016 Bonds shall be secured by a pledge of the tax revenues of the Agency on parity with any outstanding debt of the Agency.

Successor Agency to the Bellflower Redevelopment Agency  
Summary of Terms and Conditions  
January 4, 2016  
Page 2

Credit Review: Closing of the 2016 Bonds is subject to final credit approval by the Purchaser and receipt of all documents and opinions in form acceptable to the Purchaser.

Proposal Acceptance: This financing proposal is good for an acceptance by the Agency no later than January 15, 2016.

Sincerely,



William A. Morton  
President

Proposal Accepted By:  
SUCCESSOR AGENCY TO THE BELLFLOWER REDEVELOPMENT AGENCY

By \_\_\_\_\_

Date \_\_\_\_\_

**Successor Agency to the Bellflower Redevelopment Agency**

Tax Allocation Refunding Bonds, Series 2016

Summary of Placement Bank Bids<sup>1</sup>

Bidder	City				
	National Bank	Bank 2	Bank 3	Bank 4	Bank 5
Proposed Rate	4.95%	n.a.	5.00%-5.10%	4.35%	5.34%
Closing Cost (Not-to-Exceed)	\$10,000	n.a.	n.a.	\$15,000	n.a.
Reserve Fund Requirement	None	n.a.	n.a.	50% of MADS	None
Optional Redemption	10 Years @ Par	n.a.	n.a.	10 Years @ Par	10 Years @ Par
Additional Notes	60-Day Rate Lock	Did Not Provide Bid	Provided 2nd Highest Bid; No Other Details	Avg. Life Must be Less than 9 Years; Reserve Required	Provided Highest Bid

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**SOURCES AND USES OF FUNDS**

Successor Agency to the Bellflower Redevelopment Agency  
Taxable Tax Allocation Refunding Bonds, Series 2016  
(Current Refunding of the 2004 Taxable Tax Allocation Bonds)

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PRIVATE PLACEMENT SCENARIO (February Principal Payment Dates)

Dated Date	02/15/2016
Delivery Date	02/15/2016

Sources:

Bond Proceeds:	
Par Amount	5,774,000.00
Other Sources of Funds:	
Debt Service Reserve Fund	592,356.00
	<u>6,366,356.00</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	6,145,330.75
Cost of Issuance:	
Costs of Issuance	175,000.00
NTE Placement Bank/Legal Costs	10,000.00
Reimbursement to City of Bellflower	25,000.00
Contingency	<u>10,000.00</u>
	220,000.00
Other Uses of Funds:	
Additional Proceeds	1,025.25
	<u>6,366,356.00</u>

**BOND SUMMARY STATISTICS**

Successor Agency to the Bellflower Redevelopment Agency  
 Taxable Tax Allocation Refunding Bonds, Series 2016  
 (Current Refunding of the 2004 Taxable Tax Allocation Bonds)

\*\*\*\*\*

PRIVATE PLACEMENT SCENARIO (February Principal Payment Dates)

Dated Date	02/15/2016
Delivery Date	02/15/2016
First Coupon	08/01/2016
Last Maturity	02/01/2034

Arbitrage Yield	4.950269%
True Interest Cost (TIC)	4.950269%
Net Interest Cost (NIC)	4.950000%
All-In TIC	5.444908%
Average Coupon	4.950000%

Average Life (years)	10.832
Weighted Average Maturity (years)	10.832
Duration of Issue (years)	8.121

Par Amount	5,774,000.00
Bond Proceeds	5,774,000.00
Total Interest	3,096,049.55
Net Interest	3,096,049.55
Total Debt Service	8,870,049.55
Maximum Annual Debt Service	500,977.50
Average Annual Debt Service	493,847.48

Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	

Total Underwriter's Discount

Bid Price	100.000000
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Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Taxable Serial Bond	5,774,000.00	100.000	4.950%	10.832	4,551.67
	5,774,000.00			10.832	4,551.67

	TIC	All-In TIC	Arbitrage Yield
Par Value	5,774,000.00	5,774,000.00	5,774,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-220,000.00	
- Other Amounts			
Target Value	5,774,000.00	5,554,000.00	5,774,000.00
Target Date	02/15/2016	02/15/2016	02/15/2016
Yield	4.950269%	5.444908%	4.950269%

All Numbers are Preliminary; Subject to Change  
 Analysis for Indicative Purposes only and Stifel does not Commit to Underwrite at these Levels  
 Rate Provided by Interested Commercial Bank on December 4, 2015  
 Cost of Issuance is an Estimate; Subject to Change

**BOND PRICING**

Successor Agency to the Bellflower Redevelopment Agency  
 Taxable Tax Allocation Refunding Bonds, Series 2016  
 (Current Refunding of the 2004 Taxable Tax Allocation Bonds)

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PRIVATE PLACEMENT SCENARIO (February Principal Payment Dates)

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Taxable Serial Bond:					
	02/01/2017	210,000	4.950%	4.950%	100.000
	02/01/2018	210,000	4.950%	4.950%	100.000
	02/01/2019	220,000	4.950%	4.950%	100.000
	02/01/2020	231,000	4.950%	4.950%	100.000
	02/01/2021	242,000	4.950%	4.950%	100.000
	02/01/2022	254,000	4.950%	4.950%	100.000
	02/01/2023	267,000	4.950%	4.950%	100.000
	02/01/2024	280,000	4.950%	4.950%	100.000
	02/01/2025	294,000	4.950%	4.950%	100.000
	02/01/2026	324,000	4.950%	4.950%	100.000
	02/01/2027	340,000	4.950%	4.950%	100.000
	02/01/2028	357,000	4.950%	4.950%	100.000
	02/01/2029	375,000	4.950%	4.950%	100.000
	02/01/2030	393,000	4.950%	4.950%	100.000
	02/01/2031	413,000	4.950%	4.950%	100.000
	02/01/2032	433,000	4.950%	4.950%	100.000
	02/01/2033	454,000	4.950%	4.950%	100.000
	02/01/2034	477,000	4.950%	4.950%	100.000
		5,774,000			

Dated Date	02/15/2016	
Delivery Date	02/15/2016	
First Coupon	08/01/2016	
Par Amount	5,774,000.00	
Original Issue Discount		
Production	5,774,000.00	100.000000%
Underwriter's Discount		
Purchase Price	5,774,000.00	100.000000%
Accrued Interest		
Net Proceeds	5,774,000.00	

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 Rate Provided by Interested Commercial Bank on December 4, 2015  
 Cost of Issuance is an Estimate; Subject to Change

**BOND DEBT SERVICE**

Successor Agency to the Bellflower Redevelopment Agency  
 Taxable Tax Allocation Refunding Bonds, Series 2016  
 (Current Refunding of the 2004 Taxable Tax Allocation Bonds)

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PRIVATE PLACEMENT SCENARIO (February Principal Payment Dates)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2016			131,791.55	131,791.55	
02/01/2017	210,000	4.950%	142,906.50	352,906.50	484,698.05
08/01/2017			137,709.00	137,709.00	
02/01/2018	210,000	4.950%	137,709.00	347,709.00	485,418.00
08/01/2018			132,511.50	132,511.50	
02/01/2019	220,000	4.950%	132,511.50	352,511.50	485,023.00
08/01/2019			127,066.50	127,066.50	
02/01/2020	231,000	4.950%	127,066.50	358,066.50	485,133.00
08/01/2020			121,349.25	121,349.25	
02/01/2021	242,000	4.950%	121,349.25	363,349.25	484,698.50
08/01/2021			115,359.75	115,359.75	
02/01/2022	254,000	4.950%	115,359.75	369,359.75	484,719.50
08/01/2022			109,073.25	109,073.25	
02/01/2023	267,000	4.950%	109,073.25	376,073.25	485,146.50
08/01/2023			102,465.00	102,465.00	
02/01/2024	280,000	4.950%	102,465.00	382,465.00	484,930.00
08/01/2024			95,535.00	95,535.00	
02/01/2025	294,000	4.950%	95,535.00	389,535.00	485,070.00
08/01/2025			88,258.50	88,258.50	
02/01/2026	324,000	4.950%	88,258.50	412,258.50	500,517.00
08/01/2026			80,239.50	80,239.50	
02/01/2027	340,000	4.950%	80,239.50	420,239.50	500,479.00
08/01/2027			71,824.50	71,824.50	
02/01/2028	357,000	4.950%	71,824.50	428,824.50	500,649.00
08/01/2028			62,988.75	62,988.75	
02/01/2029	375,000	4.950%	62,988.75	437,988.75	500,977.50
08/01/2029			53,707.50	53,707.50	
02/01/2030	393,000	4.950%	53,707.50	446,707.50	500,415.00
08/01/2030			43,980.75	43,980.75	
02/01/2031	413,000	4.950%	43,980.75	456,980.75	500,961.50
08/01/2031			33,759.00	33,759.00	
02/01/2032	433,000	4.950%	33,759.00	466,759.00	500,518.00
08/01/2032			23,042.25	23,042.25	
02/01/2033	454,000	4.950%	23,042.25	477,042.25	500,084.50
08/01/2033			11,805.75	11,805.75	
02/01/2034	477,000	4.950%	11,805.75	488,805.75	500,611.50
	5,774,000		3,096,049.55	8,870,049.55	8,870,049.55

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 Analysis for Indicative Purposes only and Stifel does not Commit to Underwrite at these Levels  
 Rate Provided by Interested Commercial Bank on December 4, 2015  
 Cost of Issuance is an Estimate; Subject to Change

**SUMMARY OF BONDS REFUNDED**

Successor Agency to the Bellflower Redevelopment Agency  
 Taxable Tax Allocation Refunding Bonds, Series 2016  
 (Current Refunding of the 2004 Taxable Tax Allocation Bonds)

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PRIVATE PLACEMENT SCENARIO (February Principal Payment Dates)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	
Taxable 2004 TABs, 2004:						
TERM24	02/01/2017	6.620%	185,000.00	03/16/2016	100.000	
	02/01/2018	6.620%	200,000.00	03/16/2016	100.000	
	02/01/2019	6.620%	210,000.00	03/16/2016	100.000	
	02/01/2020	6.620%	225,000.00	03/16/2016	100.000	
	02/01/2021	6.620%	240,000.00	03/16/2016	100.000	
	02/01/2022	6.620%	255,000.00	03/16/2016	100.000	
	02/01/2023	6.620%	275,000.00	03/16/2016	100.000	
	02/01/2024	6.620%	290,000.00	03/16/2016	100.000	
	TERM34	02/01/2025	6.600%	310,000.00	03/16/2016	100.000
		02/01/2026	6.600%	330,000.00	03/16/2016	100.000
02/01/2027		6.600%	355,000.00	03/16/2016	100.000	
02/01/2028		6.600%	375,000.00	03/16/2016	100.000	
02/01/2029		6.600%	400,000.00	03/16/2016	100.000	
02/01/2030		6.600%	430,000.00	03/16/2016	100.000	
02/01/2031		6.600%	455,000.00	03/16/2016	100.000	
02/01/2032		6.600%	485,000.00	03/16/2016	100.000	
02/01/2033		6.600%	520,000.00	03/16/2016	100.000	
02/01/2034		6.600%	555,000.00	03/16/2016	100.000	
			6,095,000.00			

All Numbers are Preliminary; Subject to Change  
 Analysis for Indicative Purposes only and Stifel does not Commit to Underwrite at these Levels  
 Rate Provided by Interested Commercial Bank on December 4, 2015  
 Cost of Issuance is an Estimate; Subject to Change

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**SUMMARY OF REFUNDING RESULTS**

Successor Agency to the Bellflower Redevelopment Agency  
Taxable Tax Allocation Refunding Bonds, Series 2016  
(Current Refunding of the 2004 Taxable Tax Allocation Bonds)

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PRIVATE PLACEMENT SCENARIO (February Principal Payment Dates)

Dated Date	02/15/2016
Delivery Date	02/15/2016
Arbitrage yield	4.950269%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	5,774,000.00
True Interest Cost	4.950269%
Net Interest Cost	4.950000%
All-In TIC	5.444908%
Average Coupon	4.950000%
Average Life	10.832
Par amount of refunded bonds	6,095,000.00
Average coupon of refunded bonds	6.602653%
Average life of refunded bonds	11.154
PV of prior debt to 02/15/2016 @ 4.950269%	6,928,935.13
Net PV Savings	563,604.38
Percentage savings of refunded bonds	9.246996%
Percentage savings of refunding bonds	9.761073%

All Numbers are Preliminary; Subject to Change  
Analysis for Indicative Purposes only and Stifel does not Commit to Underwrite at these Levels  
Rate Provided by Interested Commercial Bank on December 4, 2015  
Cost of Issuance is an Estimate; Subject to Change

**SAVINGS**

Successor Agency to the Bellflower Redevelopment Agency  
 Taxable Tax Allocation Refunding Bonds, Series 2016  
 (Current Refunding of the 2004 Taxable Tax Allocation Bonds)

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PRIVATE PLACEMENT SCENARIO (February Principal Payment Dates)

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 02/15/2016 @ 4.9502686%
02/01/2017	587,646.00	484,698.05	102,947.95	99,863.49
02/01/2018	590,399.00	485,418.00	104,981.00	96,674.01
02/01/2019	587,159.00	485,023.00	102,136.00	89,568.42
02/01/2020	588,257.00	485,133.00	103,124.00	86,077.20
02/01/2021	588,362.00	484,698.50	103,663.50	82,358.97
02/01/2022	587,474.00	484,719.50	102,754.50	77,713.20
02/01/2023	590,593.00	485,146.50	105,446.50	75,881.84
02/01/2024	587,388.00	484,930.00	102,458.00	70,193.85
02/01/2025	588,190.00	485,070.00	103,120.00	67,228.44
02/01/2026	587,730.00	500,517.00	87,213.00	54,201.77
02/01/2027	590,950.00	500,479.00	90,471.00	53,479.70
02/01/2028	587,520.00	500,649.00	86,871.00	48,876.16
02/01/2029	587,770.00	500,977.50	86,792.50	46,455.48
02/01/2030	591,370.00	500,415.00	90,955.00	46,292.56
02/01/2031	587,990.00	500,961.50	87,028.50	42,140.97
02/01/2032	587,960.00	500,518.00	87,442.00	40,264.94
02/01/2033	590,950.00	500,084.50	90,865.50	39,779.96
02/01/2034	591,630.00	500,611.50	91,018.50	37,884.17
	10,599,338.00	8,870,049.55	1,729,288.45	1,154,935.13

Savings Summary

PV of savings from cash flow	1,154,935.13
Less: Prior funds on hand	-592,356.00
Plus: Refunding funds on hand	1,025.25
Net PV Savings	563,604.38

All Numbers are Preliminary; Subject to Change  
 Analysis for Indicative Purposes only and Stifel does not Commit to Underwrite at these Levels  
 Rate Provided by Interested Commercial Bank on December 4, 2015  
 Cost of Issuance is an Estimate; Subject to Change

**AGGREGATE DEBT SERVICE**

Successor Agency to the Bellflower Redevelopment Agency  
 Taxable Tax Allocation Refunding Bonds, Series 2016  
 (Current Refunding of the 2004 Taxable Tax Allocation Bonds)

\*\*\*\*\*

PRIVATE PLACEMENT SCENARIO (February Principal Payment Dates)

Period Ending	Taxable Tax Allocation Refunding Bonds, Series 2016	2004 Note Payable	Aggregate Debt Service
02/01/2017	484,698.05	15,505	500,203.05
02/01/2018	485,418.00	15,505	500,923.00
02/01/2019	485,023.00	15,505	500,528.00
02/01/2020	485,133.00	15,505	500,638.00
02/01/2021	484,698.50	15,505	500,203.50
02/01/2022	484,719.50	15,505	500,224.50
02/01/2023	485,146.50	15,505	500,651.50
02/01/2024	484,930.00	15,505	500,435.00
02/01/2025	485,070.00	15,505	500,575.00
02/01/2026	500,517.00		500,517.00
02/01/2027	500,479.00		500,479.00
02/01/2028	500,649.00		500,649.00
02/01/2029	500,977.50		500,977.50
02/01/2030	500,415.00		500,415.00
02/01/2031	500,961.50		500,961.50
02/01/2032	500,518.00		500,518.00
02/01/2033	500,084.50		500,084.50
02/01/2034	500,611.50		500,611.50
	8,870,049.55	139,545	9,009,594.55

All Numbers are Preliminary; Subject to Change  
 Analysis for Indicative Purposes only and Stifel does not Commit to Underwrite at these Levels  
 Rate Provided by Interested Commercial Bank on December 4, 2015  
 Cost of Issuance is an Estimate; Subject to Change

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**UNDERWRITER EXCLUSION DISCLOSURE**

Successor Agency to the Bellflower Redevelopment Agency  
Taxable Tax Allocation Refunding Bonds, Series 2016  
(Current Refunding of the 2004 Taxable Tax Allocation Bonds)

\*\*\*\*\*

PRIVATE PLACEMENT SCENARIO (February Principal Payment Dates)

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# City of Bellflower

## FISCAL CONSULTANT REPORT

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# CITY OF BELLFLOWER FISCAL CONSULTANT REPORT

## JANUARY 2016



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# I. INTRODUCTION

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## A. OVERVIEW

The Successor Agency to the Bellflower Redevelopment Agency (Agency) is considering the refinance of its 2004 Tax Allocation Refunding Bonds (Bonds). The Agency intends to pledge a portion of the combined tax increment revenues generated from the Bellflower Redevelopment Project Area No. 1 (Project Area) to the repayment of the Bonds.

## B. PURPOSE

The purpose of this Fiscal Consultant Report (Report) is to provide comprehensive information about the tax revenues to be used to support repayment of the Bonds and project the amount of pledged tax increment revenues to be deposited into the Redevelopment Property Tax Trust Fund (RPTTF). The Report includes the following sections that address various aspects of the revenue stream:

- I. **Introduction:** Provides an overview of the Report and its purpose.
- II. **Redevelopment Dissolution Act:** Provides a discussion of the Redevelopment Dissolution Act that is contained in Assembly Bill x1 26 (ABx1 26), Assembly Bill 1484 (AB 1484), and Senate Bill 107 (SB 107).
- III. **General Information:** Provides general information on the Redevelopment Plans, including a general description of the Project Area. A brief description of the systems and procedures used by County for the allocation of tax revenues is also included.
- IV. **Taxable Values and Historical Revenues:** Provides a description of the categories of taxable values, the top ten taxable property owners in the Project Area and the historical tax increment valuations and revenues.
- V. **Estimate of Current and Future Revenues:** Provides the tax increment projections for the Project Area.
- VI. **Adjustments and Liens on Revenue:** Provides information on the estimated impact of adjustments and liens on tax revenues.

The property assessed valuations and revenue estimates contained in this Report are based upon information and data received from the Agency, the Los Angeles County Assessment Appeals Board, the Los Angeles County Assessor, and the Los Angeles County (County) Auditor-Controller, and any assumptions used herein are believed to be reasonable. The assessment practices and tax allocation procedures discussed in this Report are based on information provided by representatives of the County. These practices and procedures are set, in part, administratively and can be changed. However, there appears to be no evidence at this time to indicate that

any such changes are imminent. To a certain extent, any estimates of future revenues are based on assumptions that are subject to a degree of uncertainty and fluctuation, and there is no assurance that the revenue estimates will actually be achieved.

## **II. REDEVELOPMENT DISSOLUTION ACT**

---

In December 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al., v. Matosantos, et al.* The Court upheld the right of the state to dissolve redevelopment agencies pursuant to ABx1 26, which had been passed by the legislature and signed by the governor in June 2011. Based on modified time lines approved by the Court, all redevelopment agencies, including the San Fernando Redevelopment Agency, were dissolved effective February 1, 2012. The City of San Fernando has created a separate legal entity called the Successor Agency, which is charged with winding down the affairs of the former Redevelopment Agency and to make payments due on enforceable obligations, as defined in ABx1 26. AB 1484, which was passed in June 2012, amended certain sections of ABx1 26.

Under ABx1 26, tax increment is no longer deemed to flow to the Successor Agency. The requirement to deposit a portion of the tax increment into a low and moderate income housing fund is also no longer required. AB 1484 allows the Agency to issue refunding bonds so long as the refunding results in debt service savings. The Agency is authorized to pledge the property tax revenues that were formerly tax increment revenues to secure repayment of the refunded bonds.

The County Auditor-Controller is to determine the amount of property taxes that would have been allocated to each redevelopment agency had the agency not been dissolved. All former tax increment monies are deposited into an RPTTF that is controlled by the County Auditor-Controller.

The money in the RPTTF is used to perform the following functions:

1. Pay County property tax administrative fees and other costs needed to implement ABx1 26.
2. Pay all pass-through payments to the taxing entities. The Agency has an obligation to make payments required pursuant to a negotiated pass-through agreement with Los Angeles County, along with an obligation to make certain payments pursuant to Sections 33607.5, 33607.7 and 33676 of the Health and Safety Code.
3. Pay obligations required by the Recognized Obligation Payment Schedule (ROPS), including debt service on the Refunding Bonds.
4. Pay an administrative allowance, which goes to the Successor Agency to be used to wind down the affairs of the former redevelopment agency.

5. The balance is distributed to the overlapping taxing entities pursuant to Section 34188 of ABx1 26.

The allocations from the RPTTF take place in two six month installments on January 2<sup>nd</sup> and June 1<sup>st</sup> of each year. The Successor Agency prepares a forward-looking ROPS to cover the subsequent six-month period. Once approved by the Oversight Board and the state Department of Finance (DOF), the County Auditor-Controller releases the RPTTF revenues to pay for the obligations on the ROPS. By way of illustration, funds released in June 2014 generally reflect property taxes that were collected during the period from January through May 2014. The approved ROPS will cover costs that are paid during the period from July through December 2014. Any excess RPTTF revenue not needed to meet the various obligations shown in items one through four above would be released to the taxing entities.

The Agency has submitted all required ROPS to date, and debt service on all outstanding bonds have been approved as part of the ROPS by the DOF. One year's worth of tax revenues will be collected under the Indenture before release of the Refunding Bonds. This will ensure that the six-month allocation system in ABx1 26 does not cause problems meeting debt service payments. Interest payments are made in March of each year, while larger principal plus interest payments are made in September.

On January 9, 2015, Governor Brown released the proposed FY 2015-16 State budget, including budget trailer bill language (SB107) to further address the redevelopment agency dissolution process. SB 107, as relevant to tax allocation bond financings, amends the provisions of ABx1 26 and AB 1484 by clarifying that former tax increment revenue caps and redevelopment plan limits do not apply for purposes of paying approved enforceable obligations. Specifically, SB 107 amends the provisions of AB 26 and AB 1484 in the following ways:

- Delays the assumption of the Successor Agency Oversight Board's functions by the County Oversight Board until July 1, 2018 (rather than July 1, 2016).
- Requires the preparation of a ROPS once per year instead of twice per year beginning on July 1, 2016.
- Establishes an optional "Last and Final" ROPS process beginning January 1, 2016.
- Provides that tax override levies for pension and State Water Project programs will be paid directly the taxing entity levying the override, unless pledged to and needed for debt service on bonds.
- Clarifies that former tax increment revenue caps and redevelopment plan limits do not apply for purposes of paying approved enforceable obligations. As such, the revenue projections contained in this Report ignore previously established caps and limits to tax increment allocations for each Project Area.

### **III. GENERAL INFORMATION**

---

#### **A. PROJECT AREA**

The City Council of the City of Bellflower adopted the Redevelopment Plan (Plan) establishing the Bellflower Redevelopment Project Area No. 1 by Ordinance No. 768 on July 8, 1991.

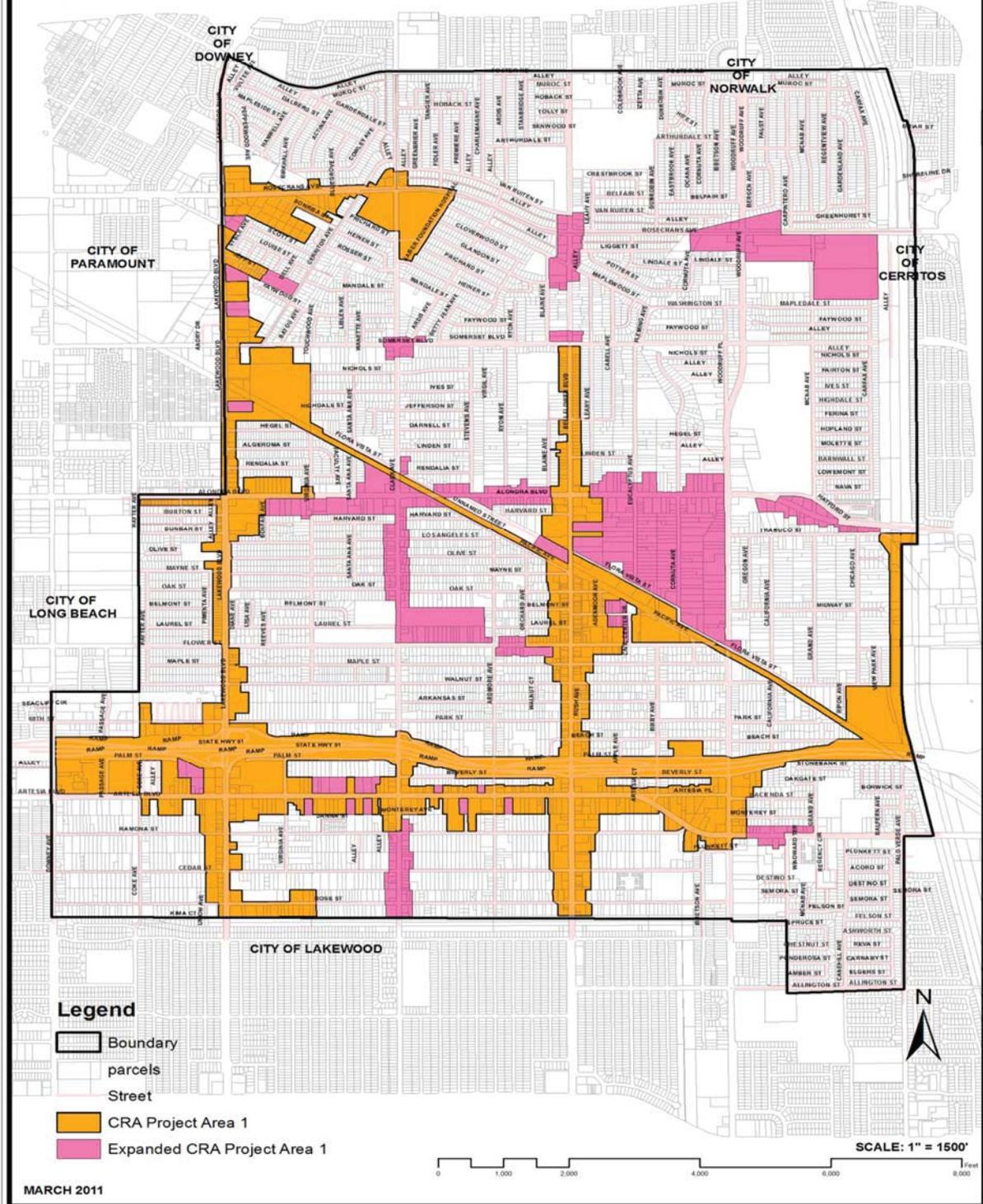
The Plan considered methods to eliminate and prevent the spread of blight and to revitalize, redevelop, and upgrade those parcels and properties within the redevelopment area, thereby, strengthening the economic base of the Redevelopment Project Area and the City of Bellflower. The Plan was approved in accordance with the California Community Redevelopment Law (CRL), Health and Safety Code Section 33000, et seq. The Plan enables the Bellflower Redevelopment Agency to collect tax revenue to implement and finance revitalization projects within the Project Area. The Plan was amended by Ordinance No. 848 on December 19, 1994 to incorporate limitations required by amendments to the Law.

Project Area No. 1 originally comprised of 597 acres and consists of 857 individual parcels of primarily commercial and industrial properties configured in a general “U” shape running along Lakewood Boulevard, Artesia Boulevard and Bellflower Boulevard. In 2011, Project Area No. 1 was amended to include an additional 305 acres and 652 parcels.

The following map shows the location of Project Area No. 1. The original project area is shown in orange along with the amended project area in pink. The amended area is no longer generating tax increment and has not been included in this analysis.



# City of Bellflower Redevelopment Map



Source: City of Bellflower Resolution No. PC 10-22

## B. LAND USE

The table below presents the land use by secured assessed value within the Project Area for the current tax year (Fiscal Year 2015/2016).

Land Use	Fiscal Year 2015/2016		
	Number of Parcels	Secured Assessed	Percent of Secured Assessed Value
Commercial	500	\$346,133,764	60.78%
Institutional	14	85,498,525	15.01%
Residential	174	62,354,884	10.95%
Industrial	80	62,220,041	10.92%
Vacant	69	8,007,530	1.41%
Recreational	5	2,436,582	0.43%
Government	25	2,269,169	0.40%
Miscellaneous	39	595,600	0.10%
Irrigated Farm	1	10,803	0.00%
<b>Total</b>	<b>907</b>	<b>\$569,526,898</b>	<b>100.00%</b>

*Source: Los Angeles County Assessor 2015/2016 Secured Tax Roll*

## C. PROPERTY TAX ALLOCATION PROCEDURES

The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. Incorrectly allocated revenues can result in a redevelopment project area receiving erroneous amounts of revenue. In addition, the method a county uses to allocate delinquent taxes, roll corrections and property tax refunds will impact the amount of tax increment received.

The County calculates tax increment to redevelopment project areas by applying the 1 percent tax rate to incremental taxable values. In calculating incremental values, the County escalates the real property portion of the base year value for certain taxing entities by an inflation factor of up to 2 percent per year. The County also allocates unitary revenue pursuant to a formula contained in AB 454.

Tax increment generated from the secured tax roll is allocated based actual receipts of the County calculated levy. The County does adjust secured tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments. Such adjustments are made on a situs basis. Agency tax increment can therefore be adjusted based on changes to the roll that occur within the boundaries of the Project Area. Tax increment generated from the application of the one percent tax rate to the unsecured incremental value of a project area is based on the actual collections of unsecured revenues on a county-wide basis.

## **IV. TAXABLE VALUES AND HISTORICAL REVENUES**

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### **A. TAXABLE VALUES**

Property within the County is valued as of January 1 of each year. Property that is subject to taxation is valued at 100 percent of its full cash value. Locally assessed property is appraised by the County assessor’s office. The State Board of Equalization (SBE) provides valuations for state assessed property.

Real property consists of land and improvements and can either appear on the secured or the unsecured roll. The secured roll includes property on which the property tax levied becomes a lien on the property to secure the payment of taxes. Unsecured property does not become a lien on such property, but may become a lien on other property of the taxpayer.

Locally assessed real property is subject to the provisions of Article XIII A of the California Constitution, commonly referred to as Proposition 13. Under Proposition 13, property is valued based either on its value in 1975-76 or if newly constructed or sold after this date, then on the full cash value of the property at that time. Property values may only increase by an inflation factor of up to 2 percent annually. The Proposition 13 value of property is sometimes referred to as the factored base year value. Pursuant to Section 51 (b) of the Revenue and Taxation Code, assessors must enroll the lesser of the market value or the factored base year value of property.

Personal property values can be classified as either secured or unsecured property. Personal property is not subject to the provisions of Proposition 13. Such property is annually appraised at the full cash value of the property. Absent new acquisitions, the full cash value of personal property tends to decline over time as a result of depreciation. Fixtures, while categorized as real property and subject to the restrictions of Proposition 13, are also subject to declining values through depreciation.

State-assessed property is also not subject to the provisions of Proposition 13. Such property is valued by the SBE based on the full cash value of the property. State-assessed property is typically categorized as secured property and is either unitary or non-unitary property. The value of unitary property has been reported on a county-wide basis, with unitary revenues allocated to taxing entities and redevelopment projects pursuant to a formula contained in AB 454. State-assessed non unitary values are reported at the local tax rate area level.

## B. SUCCESSOR AGENCY ASSESSED VALUE TRENDS

The table below presents the historical assessed and incremental valuation within the Project Area, starting with Fiscal Year 2010-11.

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
<b>Secured</b>						
Land	\$239,447,326	\$250,283,137	\$256,750,396	\$264,848,626	\$272,479,309	\$286,773,885
Improvements	287,340,324	290,535,051	293,644,090	305,720,068	301,906,408	315,622,644
Personal Property	721,378	243,333	7,381,116	5,191,134	236,249	238,077
Gross Total	\$527,509,028	\$541,061,521	\$557,775,602	\$575,759,828	\$574,621,966	\$602,634,606
Less Exemptions	(20,390,136)	(19,738,259)	(20,067,454)	(32,227,126)	(32,629,725)	(33,268,251)
<b>Net Total Secured Valuation</b>	<b>\$507,118,892</b>	<b>\$521,323,262</b>	<b>\$537,708,148</b>	<b>\$543,532,702</b>	<b>\$541,992,241</b>	<b>\$541,992,241</b>
<b>Unsecured</b>						
<b>Net Total Unsecured Valuation</b>	<b>\$39,482,063</b>	<b>\$43,951,899</b>	<b>\$42,999,155</b>	<b>\$39,668,577</b>	<b>\$45,803,795</b>	<b>\$47,149,595</b>
Total Assessed Valuation	546,600,955	565,275,161	580,707,303	583,201,279	587,796,036	589,141,836
Base Year Valuation	(225,043,419)	(224,930,152)	(224,930,152)	(224,928,914)	(224,928,914)	(224,928,914)
<b>Increment Value</b>	<b>\$321,557,536</b>	<b>\$340,345,009</b>	<b>\$355,777,151</b>	<b>\$358,272,365</b>	<b>\$362,867,122</b>	<b>\$364,212,922</b>

*Source: Los Angeles County Auditor Controller Assessed Valuation Schedules*

### C. TOP TEN TAXPAYERS

The table below presents the Top Ten Taxpayers for Fiscal Year 2015-16 in the project areas. The taxable value for the Top Ten Taxpayers represents 28.12 percent of the total value of the Project Area.

Property Owner	Secured			Unsecured			Combined		Primary Use
	Parcels	Value	% of Net Value	Parcels	Value	% of Net Value	Value	% of Net Value	
KAISER FOUNDATION HOSPITALS	1	\$67,877,513	11.92%	3	\$5,423,345	11.50%	\$73,300,858	11.89%	Institutional
LAKWOOD PLAZA SC LP	1	21,959,701	3.86%	0	0	0.00%	21,959,701	3.56%	Commercial
BELFLOWER PARK LP	2	15,037,739	2.64%	0	0	0.00%	15,037,739	2.44%	Commercial
BELMONT PLACE BELFLOWER	1	12,425,045	2.18%	1	8,150	1.59%	12,433,195	2.02%	Commercial
FORD WEST PROPERTIES LLC	3	11,001,943	1.93%	0	0	0.00%	11,001,943	1.78%	Commercial
CHRISTINA ENTERPRISES BELFLOWER	3	10,148,322	1.78%	0	0	0.00%	10,148,322	1.65%	Commercial
G6 HOSPITALITY PROPERTY LLC	1	9,547,914	1.68%	1	2,050	0.00%	9,549,964	1.55%	Commercial
WRI GOLDEN STATE LLC	5	7,270,160	1.28%	0	0	0.00%	7,270,160	1.18%	Commercial
SPIRIT MASTER FUNDING VIII LLC	2	6,503,000	1.14%	0	0	0.00%	6,503,000	1.05%	Commercial
BELFLOWER TOWN CENTER LLC	3	6,204,967	1.09%	0	0	0.00%	6,204,967	1.01%	Commercial
<b>Top Ten Total</b>	<b>22</b>	<b>\$167,976,304</b>	<b>29.49%</b>	<b>5</b>	<b>\$5,433,545</b>	<b>11.52%</b>	<b>\$167,864,584</b>	<b>28.12%</b>	
<b>Agency Total</b>		<b>\$569,526,898</b>			<b>\$47,149,595</b>		<b>\$616,676,493</b>		
<b>Incremental Net AV Total</b>							<b>\$364,212,922</b>	<b>47.61%</b>	

Source: Los Angeles County Assessor 2015/2016 Combined Tax Rolls

## D. HISTORICAL TAX INCREMENT REVENUES

The table below presents the tax increment receipts in the project areas since Fiscal Year 2011-12.

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Gross Tax Increment Receipts <sup>(1)</sup>	\$3,394,160	\$3,394,160	\$3,553,079	\$3,713,716	\$4,055,615
LESS Housing Set Aside	0	0	0	0	0
LESS County Admin Fee <sup>(2)</sup>	(59,171)	(68,106)	(69,899)	(64,141)	(70,688)
Less Pass-Through Payments <sup>(3)</sup>	(641,980)	(742,796)	(971,069)	(827,427)	(947,832)
<b>Net Tax Increment</b>	<b>\$2,586,908</b>	<b>\$2,583,258</b>	<b>\$2,512,111</b>	<b>\$2,822,148</b>	<b>\$3,037,095</b>

*(1) All Secured, Unsecured, Supplemental Property Taxes, Miscellaneous Property Taxes, Debt Service Override Property Taxes*

*(2) SB813, ABx1 and SB2557 Administrative Fees*

*(3) Includes all negotiated and statutory pass-through payments that are senior to outstanding debt*

*Source: City of Bellflower CAFR and County of Los Angeles ROPS data*

## V. ASSESSMENT APPEALS

Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the State Board of Equalization (SBE). Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If a taxpayer is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent annually. Appeals can also be filed pursuant to Section 51 (b) of the Revenue and Taxation Code. Under this section of the code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor.

A number of counties in California, including Los Angeles County, have processed temporary assessed value reductions for certain properties (Proposition 8 reductions) where the assessed values exceeded the current market value of

properties without prompting from individual taxpayers. These reductions have affected the 2008-09 through 2012-13 tax rolls. Typically, the properties to be reviewed for these “automatic” reductions are single family homes and condominiums which transferred ownership between 2002 and 2012. These reductions were triggered because residential property values have decreased in many areas of the state.

Between 2008 and 2014, there were been 265 assessment appeals filed with the Successor Agency. Of the 265 appeals filed, 199 appeals were resolved, 69 (24.67%) were allowed with a reduction in value and 130 (65.33%) were denied or withdrawn. The 69 appeals allowed with a reduction in value had original values totaling \$114,350,087 and resulted in value losses of \$21,426,413 (18.04%). The projections for the Project Area use these historical averages to estimate losses due to pending appeals. Reductions in revenue for refunds that may result from these appeal, if successful, have **not** been estimated.

To estimate the average assessed value lost through assessment appeals the previous seven years were used. The following table illustrates the appeals history from 2008 through 2014 (the most recent seven calendar years of complete appeals history). When the assessed value reduction is compared to the Agency’s average assessed value for those seven years, the average assessed value reduction is equal to 0.55 percent. As such, the tax increment projections described in Section VI and detailed in Attachment 1 reduce the incremental tax valuation by 0.55 percent.

	Appeal Count	Roll Total	Board Value	Change	Value Decline
Appeals Allowed	69	\$114,350,087	\$92,923,674	\$(21,426,413)	18.74%
Appeals Denied or Withdrawn	130	\$216,364,893			
Appeals Pending	66	\$414,100			
<b>Appeals</b>	<b>265</b>	<b>\$145,000</b>			

**Source:** County of Los Angeles Assessment Appeals Board

**Note:** Average Assessed Value reduction of \$3.06 million during the period 2008 through 2014 represents 0.55 percent of assessed value averaged over each of those years. Estimated appeals reductions in Tax Increment Projection Tables based on 2 percent of total assessed value. Value reduction estimate based on 2008-2014 data to ensure that the appeal process had sufficient time to complete.

## **VI. ESTIMATE OF CURRENT AND FUTURE REVENUES**

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County auditor-controllers are required to calculate the funds that flow to the RPTTF as if the redevelopment agency still existed. Given this, the RPTTF, or tax increment revenues, continue to be calculated by first subtracting the base year value of a project area from the current year taxable value in order to determine the incremental taxable value of the project area. Applicable tax rates are then applied to the incremental taxable value in order to determine tax increment revenues.

Unitary revenues are allocated to the Project Area based on a formula contained in AB 454. Generally, the Agency receives unitary revenues on the basis of amounts that were received in the prior fiscal year. The prior year allocations are adjusted annually based on changes in unitary revenue on a countywide basis.

The Agency also receives supplemental property taxes for the Project Area on an annual basis. Due to the difficulty of estimating supplemental revenues, we have not included such revenues in the projections. Supplemental property taxes typically increase the receipt of tax increment.

Attachment 1 provides projections of tax increment revenues for the Project Area. It also includes a summary of the total Gross Tax Increments (1.00%), County administration fee, negotiated pass-through payments, statutory pass-through payments, administrative costs, and net tax increment revenues for the Project Area. Real property shown on the table consists of locally reported secured and unsecured land and improvement values. The other property category includes personal property and state assessed values.

The values utilized in the projections are based on actual assessed values provided by Los Angeles County for Fiscal Year 2015-16. In preparing our estimate of the Gross Tax Increment revenues, we have used the County's originally reported base year value. The County's methodology for calculating tax increment includes a modified base year calculation of the Project Area to make pass-through payments to certain taxing entities per Section 33676 of the Health and Safety Code. Additional pass-through payments are made according to SB 211 using an adjusted Base Year (Fiscal Year 2010-11).

**Attachment 1** contains the tax increment revenue projections for this refunding and uses an annual inflation factor of 2 percent. An allowance for assessment appeal reductions equal to 0.55 percent of assessed value is factored into this analysis.

A more conservative second scenario that assumes zero assessed value growth is also included as **Attachment 2**.

## **VII. ADJUSTMENTS AND LIENS ON REVENUE**

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The tax increment revenues of the Project Area are subject to certain adjustments and liens, as described in this section. The adjustments and liens must be paid prior to the payment of debt service on the Bonds.

### **A. PROPERTY TAX ADMINISTRATIVE FEES**

State law allows counties to charge taxing entities, including redevelopment agencies, for the cost of administering the property tax collection system. In addition, ABx1 26 allows counties to recover their costs in implementing the redevelopment dissolution act. Both portions of the fees have been estimated and shown on Attachment 1 based on the percentage that such fees represented from the January and June 2015 RPTTF distribution.

### **B. TAX SHARING PAYMENTS**

The Agency has entered into agreements with the Paramount Unified School District, the Cerritos Community College District, and the Compton Community College District which provide for certain payments to be made. The Paramount Unified School District occupies only a small portion of the Project Area. The agreement with Paramount Unified District provides that the District will receive 2 percent of the general levy tax increment revenue less 2 percent of this amount as an allowance for Agency operational costs and less a prorated share of the County's property tax collection charges. The terms of the agreement remain unchanged over the life of the projection. The Agency's agreement with the Cerritos Community College District provides that the District will receive 1.04 percent of the general levy tax increment revenue. The terms of the agreement remain unchanged over the life of the projection. Like the Paramount Unified School District, the Compton Community College District occupies only a very small portion of the Project Area. The agreement provides that the District will receive 0.275 percent of the general levy tax increment revenue less 2 percent of this amount as an allowance for Agency operational costs and less a prorated share of the County's property tax collection charges. The terms of the agreement remain unchanged over the life of the projection.

The County Auditor Controller withholds tax revenue pursuant to Section 33676 of the Health and Safety Code. Inflationary tax revenue shares are being withheld for various taxing entities including but not limited to the County General Fund, County Office of Education, and Downey Unified School District.

An amendment to the Redevelopment Plan was adopted under the terms of SB 211. The Agency has eliminated the Plan's time limit for incurrence of new debt. By the elimination of this limit, the Agency is required to make statutory tax sharing payments beginning in the fiscal year following the date the time limit is eliminated

on July 8, 2011. Using assessed values to Fiscal Year 2010-2011 as a base year, statutory pass-through payments are made beginning in Fiscal Year 2011-2012 and continuing through the life of the Project Area. Taxing entities that do not have existing tax sharing agreements receive their shares of 25 percent of tax increment revenue net of Housing Set-Aside. In addition, beginning in the 11<sup>th</sup> year after the initiation of SB 211 payments, taxing entities receive 21 percent of tax revenue on incremental value above the 10<sup>th</sup> year value net of Housing Set-Aside.

In addition to the agreements listed above the Agency entered into a Memorandum of Understanding (MOU) with the Bellflower Unified School District that calls for the Agency to construct certain improvements. Performance under the MOU did not meet the expectation of the parties, and the District filed a lawsuit on June 1, 2007 declaring relief and damages. Under the amended MOU, the Agency shall make 20 deposits of \$200,000 each to the District's trust fund on December 31 and June 30 of each year, with the first deposit to be made on December 31, 2008. These payments are subordinate to outstanding bond debt.

# ATTACHMENT 1

Tax Increment Projections  
(2% Assessed Value Growth less Allowance for Appeals Reductions)

**PROJECT AREA 1  
TAX INCREMENT PROJECTIONS WITH 2% GROWTH RATE**

Negotiated Pass-Throughs <sup>(3)</sup>

Statutory Pass-Throughs <sup>(4)</sup>

Growth Rate	Assessed Value Forecast	Appeals <sup>(2)</sup>	Adjusted Assessed Value Forecast	Incremental Assessed Value	Gross Tax Increment 1.00%	Unitary Tax Revenue	LA County Admin Fee	Cerritos			SB 211 Incremental	SB 211 Gross Tax Increment	Statutory Pass-Throughs <sup>(4)</sup>		Estimated 33676	Administrative Costs and Pass-Through Payments	Net Tax Increment Revenues	
								Paramount School District	Community College District	Compton College District			Tier 1	Tier 2				
<i>Base Year</i>	224,930,152																	
2010-11 <sup>(1)</sup>	\$ 546,600,955																	
2015-16	2.00%	589,141,836	-	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2016-17	2.00%	600,924,673	(3,331,078)	597,593,595	372,663,443	3,726,634	6,731	(50,310)	(74,667)	(38,827)	(10,267)	50,992,640	509,926	(101,985)	-	(760,716)	(1,036,772)	2,696,594
2017-18	2.00%	612,943,166	(3,397,699)	609,545,467	384,615,315	3,846,153	6,731	(51,923)	(77,058)	(40,070)	(10,595)	62,944,512	629,445	(125,889)	-	(803,028)	(1,108,564)	2,744,321
2018-19	2.00%	625,202,029	(3,465,653)	621,736,376	396,806,224	3,968,062	6,731	(53,569)	(79,496)	(41,338)	(10,931)	75,135,421	751,354	(150,271)	-	(846,187)	(1,181,791)	2,793,002
2019-20	2.00%	637,706,070	(3,534,966)	634,171,104	409,240,952	4,092,410	6,731	(55,248)	(81,983)	(42,631)	(11,273)	87,570,149	875,701	(175,140)	-	(890,209)	(1,256,483)	2,842,657
2020-21	2.00%	650,460,191	(3,605,666)	646,854,526	421,924,374	4,219,244	6,731	(56,960)	(84,519)	(43,950)	(11,621)	100,253,571	1,002,536	(200,507)	-	(935,111)	(1,332,669)	2,893,305
2021-22	2.00%	663,469,395	(3,677,779)	659,791,616	434,861,464	4,348,615	6,731	(58,706)	(87,107)	(45,296)	(11,977)	113,190,661	1,131,907	(226,381)	(21,734)	(980,912)	(1,432,113)	2,923,232
2022-23	2.00%	676,738,783	(3,751,335)	672,987,449	448,057,297	4,480,573	6,731	(60,488)	(89,746)	(46,668)	(12,340)	126,386,494	1,263,865	(252,773)	(43,903)	(1,027,628)	(1,533,546)	2,953,758
2023-24	2.00%	690,273,559	(3,826,361)	686,447,198	461,517,046	4,615,170	6,731	(62,305)	(92,438)	(48,068)	(12,710)	139,846,243	1,398,462	(279,692)	(66,516)	(1,075,279)	(1,637,008)	2,984,893
2024-25	2.00%	704,079,030	(3,902,888)	700,176,142	475,245,990	4,752,460	6,731	(64,158)	(95,184)	(49,496)	(13,088)	153,575,187	1,535,752	(307,150)	(89,580)	(1,123,883)	(1,742,539)	3,016,652
2025-26	2.00%	718,160,611	(3,980,946)	714,179,664	489,249,512	4,892,495	6,731	(66,049)	(97,985)	(50,952)	(13,473)	167,578,709	1,675,787	(335,157)	(113,106)	(1,173,403)	(1,850,125)	3,049,101
2026-27	2.00%	732,523,823	(4,060,565)	728,463,258	503,533,106	5,035,331	6,731	(67,977)	(100,841)	(52,437)	(13,866)	181,862,303	1,818,623	(363,725)	(137,103)	(1,223,803)	(1,959,751)	3,082,311
2027-28	2.00%	747,174,299	(4,141,776)	743,032,523	518,102,371	5,181,024	6,731	(69,944)	(103,755)	(53,953)	(14,266)	196,431,568	1,964,316	(392,863)	(161,579)	(1,275,042)	(2,071,402)	3,116,352
2028-29	2.00%	762,117,785	(4,224,612)	757,893,173	532,963,021	5,329,630	6,731	(71,950)	(106,727)	(55,498)	(14,675)	211,292,218	2,112,922	(422,584)	(186,545)	(1,327,082)	(2,185,062)	3,151,300
2029-30	2.00%	777,360,141	(4,309,104)	773,051,037	548,120,885	5,481,209	6,731	(73,996)	(109,759)	(57,075)	(15,092)	226,450,082	2,264,501	(452,900)	(212,010)	(1,379,880)	(2,300,712)	3,187,228
2030-31	2.00%	792,907,344	(4,395,286)	788,512,058	563,581,906	5,635,819	6,731	(76,084)	(112,851)	(58,683)	(15,517)	241,911,103	2,419,111	(483,822)	(237,985)	(1,433,396)	(2,418,337)	3,224,213
2031-32	2.00%	808,765,491	(4,483,192)	804,282,299	579,352,147	5,793,521	6,731	(78,213)	(116,005)	(60,323)	(15,951)	257,681,344	2,576,813	(515,363)	(264,479)	(1,487,586)	(2,537,918)	3,262,334
2032-33	2.00%	824,940,801	(4,572,856)	820,367,945	595,437,793	5,954,378	6,731	(80,384)	(119,222)	(61,996)	(16,393)	273,766,990	2,737,670	(547,534)	(291,503)	(1,542,408)	(2,659,439)	3,301,670
2033-34	2.00%	841,439,617	(4,664,313)	836,775,304	611,845,152	6,118,452	6,731	(82,599)	(122,504)	(63,702)	(16,844)	290,174,349	2,901,743	(580,349)	(319,067)	(1,597,817)	(2,782,881)	3,342,301
2034-35	2.00%	858,268,409	(4,757,599)	853,510,810	628,580,658	6,285,807	6,731	(84,858)	(125,851)	(65,442)	(17,304)	306,909,855	3,069,099	(613,820)	(347,183)	(1,653,770)	(2,908,229)	3,384,309
<b>Totals</b>						<b>\$19,275,376</b>		<b>\$ (260,218)</b>									<b>\$ (36,909,786)</b>	<b>\$ 60,623,938</b>

(1): Pursuant to SB 211, FY 2010-11 will be used as a base year for pass-through payments made as a result of the amendment.

(2): The most recent complete years of appeals history (2008 through 2014) were compared with AV in those years to yield estimated AV reduction of 0.55%.

(3): Statutory pass-through payments required by SB 211 Amendment and Section 33676 of the Community Redevelopment Law

(4): Negotiated pass-through payments required by Section 33401(b) of the Health and Safety Code

# ATTACHMENT 2

Tax Increment Projections  
(0% Assessed Value Growth)

**PROJECT AREA 1  
TAX INCREMENT PROJECTIONS WITH 0% GROWTH RATE**

	Growth Rate	Assessed Value Forecast	Incremental Assessed Value	Gross Tax Increment 1.00%	Unitary Tax Revenue	Negotiated Pass-Throughs <sup>(2)</sup>				Statutory Pass-Throughs <sup>(3)</sup>				Administrative Costs and Pass-Through Payments	Net Tax Increment Revenues	
						LA County Admin Fee	Paramount Unified School District	Cerritos College School District	Compton Community College District	SB 211 Incremental Assessed Value	SB 211 Gross Tax Increment	Tier 1	Tier 2			Estimated 33676
<i>Base Year</i>		\$ 224,930,152														
2010-11 <sup>(1)</sup>		\$ 546,600,955														
2015-16	0.00%	589,141,836	\$ 364,211,684	\$ 3,642,117	\$ 6,731	\$ (49,169)	\$ (72,977)	\$ (37,948)	\$ (10,034)	\$ 42,540,881	\$ 425,409	\$ (85,082)	\$ -	\$ (719,233)	\$ (974,443)	\$ 2,674,405
2016-17	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2017-18	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2018-19	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2019-20	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2020-21	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2021-22	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2022-23	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2023-24	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2024-25	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2025-26	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2026-27	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2027-28	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2028-29	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2029-30	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2030-31	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2031-32	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2032-33	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2033-34	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
2034-35	0.00%	589,141,836	364,211,684	3,642,117	6,731	(49,169)	(72,977)	(37,948)	(10,034)	42,540,881	425,409	(85,082)	-	(719,233)	(974,443)	2,674,405
<b>Totals</b>				<b>\$ 18,210,584</b>		<b>\$ (245,843)</b>									<b>\$ (19,488,854)</b>	<b>\$ 53,488,103</b>

(1): Pursuant to SB 211, FY 2010-11 will be used as a base year for pass-through payments made as a result of the amendment.

(2): Statutory pass-through payments required by SB 211 Amendment and Section 33676 of the Community Redevelopment Law

(3): Negotiated pass-through payments required by Section 33401(b) of the Health and Safety Code

**SUCCESSOR AGENCY TO THE  
BELLFLOWER REDEVELOPMENT AGENCY  
2016 TAX ALLOCATION REFUNDING BONDS  
(PROJECT AREA NO.1)  
LIST OF PARTICIPANTS**

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**SUCCESSOR AGENCY TO THE  
BELLFLOWER REDEVELOPMENT AGENCY  
2016 TAX ALLOCATION REFUNDING BONDS  
(PROJECT AREA NO.1)  
LIST OF PARTICIPANTS**

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**TRUSTEE'S COUNSEL**

TBD

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STRADLING YOCCA CARLSON & RAUTH

A PROFESSIONAL CORPORATION

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NEVADA

RENO

BRIAN P. FORBATH  
DIRECT DIAL: (949) 725-4193  
BFORBATH@SYCR.COM

January 5, 2016

Tae G. Rhee, CPA  
Director of Finance/City Treasurer  
City of Bellflower  
16600 Civic Center Drive  
Bellflower, California 90706

***Re: Statement of Qualifications for Bond Counsel Services and Disclosure Counsel Services for the City of Bellflower***

Dear Tae:

We are pleased to present our Qualifications to provide Bond Counsel Services and Disclosure Counsel Services to the City of Bellflower (the "City").

Stradling Yocca Carlson & Rauth (the "Firm") is one of the most experienced bond and disclosure counsel firms in the State. In 2014, the Firm did more bond, disclosure and underwriter's counsel deals (376) in the State of California than any other law firm. For 2014, the Firm was the No. 2 ranked bond counsel firm in the State of California and the No. 6 ranked bond counsel firm in the United States (based on the par value of the transactions). Also for 2014, the Firm was the No. 2 ranked disclosure counsel firm in the State of California and the No. 2 ranked disclosure counsel firm in the United States (based on the par value of the transactions). In 2013, according to Thomson Reuters published rankings, in terms of number of transactions in California, the Firm was the #1 bond counsel, the #1 disclosure counsel, and the #2 underwriter's counsel in California.

The attorneys in the Firm who would be primarily responsible for providing services to the City, Brian Forbath, Carol Lew, Vanessa Locklin and Darren McHugh, are all each highly regarded public finance attorneys. Collectively, they have broad experience representing municipal issuers as bond counsel and/or disclosure counsel in virtually every type of financing.

Please do not hesitate to contact us if you have any additional questions concerning our proposal. Thank you for your consideration.

Sincerely,

Brian Forbath, Shareholder

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## I. INTRODUCTION SECTION

Stradling Yocca Carlson & Rauth, a Professional Corporation (the “Firm”), a California corporation, submits this proposal to serve as bond counsel and/or disclosure counsel for the City. The Firm has significant experience in all of the types of issues the City participates in.

The Firm was formed in 1975 and has had a municipal finance practice since its inception. The Firm has approximately 110 attorneys, with approximately 55 shareholders. In addition to the main office in Newport Beach, the Firm maintains additional offices in San Francisco, Sacramento, Santa Monica, Santa Barbara, San Diego, Denver, Colorado and Reno, Nevada.

The Firm’s public law attorneys devote their time primarily to the representation of the interests of public agencies, including cities, water districts, redevelopment agencies, counties, school/community college districts, the State of California, and special districts of various kinds, and to the supplying of legal services in connection with the financings of such agencies.

Through the Firm’s representation of the full range of public agencies issuing bonds in the State, we have demonstrated and proven our ability to communicate effectively, both verbally and in a concise written form, to explain complex concepts, contracts and laws clearly and to organize and format written material logically and presentably. We frequently work closely with standing committees or *ad hoc* committees advising on capital programs. We also are fully comfortable working with land developers, other public agencies and the community concerning financing issues and/or contract negotiations, while at the same time recognizing the need for consensus among such groups.

Members of the public law department are recognized experts in their areas and are often called upon to speak at seminars for public agencies and other municipal finance specialists, including seminars held by the Association of California Water Agencies, the California League of Cities, the California Redevelopment Association, the National Association of Bond Lawyers, the California Debt and Investment Advisory Commission, the Association of College Business Officers, the Coalition for Adequate School Housing, the California Special District Seminars, the National Association of Housing and Redevelopment Officials and others.

We believe that the Firm’s size offers an advantage to the clients that we represent. The Firm has expertise in several areas, including real estate, environmental, construction, corporate and corporate securities and litigation, in addition to public finance, that can be useful in analyzing all relevant issues for a bond financing. This breadth of resources distinguishes us from many other active bond counsel firms in the State that lack these important related areas of expertise. Further, our size provides stability and assurance to the client that the Firm will be in practice to follow up on matters related to the services it renders, a characteristic which also distinguishes us from a number of small firms practicing as bond counsel and disclosure counsel. At a time when many firms are reducing their focus on public finance, we have expanded over the last several years, placing public finance attorneys in new Firm locations in Sacramento (opened in 2007), Santa Monica (2011), Reno, Nevada (2013), Denver, Colorado (2015), and Seattle, Washington (2105).

The charts below set forth our bond counsel and disclosure counsel rankings in California since 2011.

**Table 1**

**CALIFORNIA  
BOND COUNSEL RANKINGS**

<i>Year</i>	<i>Dollar Volume (in Millions)</i>	<i>Rank</i>	<i>Number of Transactions</i>
2014	\$8,391	2	139
2013	9,758	2	182*
2012	5,978	2	141
2011	4,184	2	130

\* More transactions than any other firm in the State of California.  
Source: Thomson Reuter

**Table 2**

**CALIFORNIA  
DISCLOSURE COUNSEL RANKINGS**

<i>Year</i>	<i>Dollar Volume (in Millions)</i>	<i>Rank</i>	<i>Number of Transactions</i>
2014	\$6,724	2	136
2013	9,304	2	194*
2012	5,813	2	143
2011	5,198	2	129

\* More transactions than any other firm in the State of California.  
Source: Thomson Reuter

## II. FIRM QUALIFICATIONS

(a) The contact person for the Firm would be Brian Forbath, whose contact information is set forth below:

Brian Forbath  
Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660  
Telephone: (949) 725-4193  
Fax: (949) 823-5193

(b) Thirty members of the Firm practice in the areas of public finance and general public law, making the Firm the second largest group of municipal finance attorneys in the State. We presently have nine attorneys practicing out of our San Francisco office.

(c) (i) As a result of the volume of tax-exempt transactions the Firm has been involved in, we have a deep understanding of the tax aspects of municipal bond issues. We are particularly familiar with issues relating to private use, and have assisted issuers in the development of management agreements which allow involvement of the private sector in water and wastewater facilities and other infrastructure projects yet preserve characterization of bonds as “governmental” issuances.

In addition to assuring the tax-exempt status of bonds at initial issuance, we believe it is critical for governmental issuers to establishment agreements and procedures relating to post-issuance compliance with tax requirements. A significant part of our daily practice involves assisting issuers with these post-issuance compliance issues, including examining contracts involving facility use, answering questions relating to arbitrage yield compliance, and serving as counsel for IRS audits. The IRS and Department of the Treasury have repeatedly emphasized the importance of post-issuance compliance, and we view it as part of our work to assist issuers in this matter. Our first level of post-issuance service begins before the bonds are issued. Part of our job is to review thoroughly the expected use of the bond financed facilities, previous contractual arrangements, possible investment strategies, and potential changes in use of the property. Questionnaires to “troubleshoot” these matters not only allow us to document our due diligence but also can serve as guidance to issuers as to potential arrangements that might impact the tax exemption on the bonds. We also prepare a detailed tax certificate that describes any unique issues relating to the transaction, with appropriate covenants to protect the issuer relating to tax compliance. To assist in post-issuance compliance, we endeavor to document bond transactions so that after significant periods of time relevant factual information can be easily ascertained. For example, it may be beneficial to include, if possible, certifications and bids relating to the purchase of a guaranteed investment contract and documentation regarding the fair market pricing of swaps in the bond transcript so that years later that information can be easily retrieved---possibly in connection with an audit of the bonds.

Carol Lew would be primarily responsible for the tax aspects of any services the Firm provides to the City. She would be assisted by Darren McHugh. Resumes for Ms. Lew and Mr. McHugh are set forth in Exhibit B.

(ii) The firm has extensive experience in the areas of general obligation bonds, successor agency tax allocation bonds, revenue bonds, Mello-Roos bonds, infrastructure financing district bonds, COP’s, TRAN’s, lease revenue bonds, housing bonds and enterprise financings, as described below.

### **General Obligation Bonds**

The Firm is one of the premier bond counsel firms in the State for local general obligation bonds. We represent over 500 school and community college districts and other local entities in connection with such financings. We manage the legal aspects of such financings from formulation of the bond election through issuance and sale of the bonds. Over the last three years, we have served as Bond Counsel on over 300 general obligation transactions (including refundings) with a principal amount in excess of \$3.5 billion.

In addition, we have served as Disclosure Counsel on the State's multi-billion dollar general obligation bond program since 2007.

### **Successor Agency Tax Allocation Bond Refundings.**

We believe we have been involved in more Successor Agency financings than any other law firm in the nation. Additionally, the Firm served as Bond Counsel to the successor agencies in Monrovia, Dinuba and Upland in connection with the first bond refundings completed under AB 1484. The Dinuba and Monrovia issues were refundings of defaulted tax allocation notes. As the first two refundings approved by the Department of Finance ("DOF") and brought to market, these transactions involved prolonged discussions with the DOF and S&P, as they became familiar with the nuances of the provisions of the Dissolution Law. Upland was the first debt service savings refunding and involved unique issues of how to provide for a parity pledge of tax revenues.

Shareholders in the Firm were members of the California Redevelopment Association's Technical Committee that drafted amendments to AB X1 26 that ultimately were encompassed in AB 1484 allowing for the refunding of enforceable obligations by successor agencies.

A list of the successor agency bond issues the Firm has been involved with that have closed since July 1, 2012, as either bond counsel, disclosure counsel or underwriter's counsel, is attached as Exhibit A. As shown in Exhibit A, the Firm (and Mr. Forbath, Mr. Yeager, Ms. Locklin, Mr. Torabi and/or Mr. Glycer, in particular) has been or is currently involved in dozens of Successor Agency financings, including refundings for Alhambra, Arcadia, Bell Gardens, Brea, Brisbane, Burbank, Calexico, California City, Carson, Ceres, Claremont, Coachella, Colton, Commerce, Corona, Covina, CRA/LA, Delano, East Palo Alto, Garden Grove, Gonzales, Hemet, Indian Wells, Lancaster, Lake Elsinore, La Quinta, Long Beach, Lynwood, Menlo Park, Monrovia, Monterey Park, Morgan Hill, Napa, Oakland, Oakley, Oceanside, City of Orange, City of Orange, Oroville, Pomona, Poway, Rancho Mirage, Redlands, City of Riverside, City of Riverside, San Diego, San Francisco, San Leandro, San Marcos, San Pablo, San Ramon, City of Santa Cruz, Santa Rosa, South Gate, City of Stanislaus, Suisun, Torrance, Vista, West Hollywood and Whittier. Additionally, the Firm (Mr. Forbath, Ms. Locklin and Mr. Glycer, in particular) has been engaged as underwriter's counsel on Los Angeles City's refunding program for successor agencies. Accordingly, the Firm is at the forefront of, and a leader in, successor agency refundings.

### **Revenue Bonds**

See Section IV(a) for a description of the Firm's water and wastewater financing experience, which comprises a significant portion of our revenue bond practice.

### **Mello-Roos Bonds**

The Firm is an undisputed leader in land-secured financings, including, in particular, Mello-Roos community facilities district financings. Since 1983, one year after the Mello-Roos Act was enacted, we have acted as bond counsel, disclosure counsel and underwriter's counsel on more than 300 Mello-Roos

financings totaling in excess of \$4.0 billion. We also have represented property owners, banks, or other interested parties in many other Mello-Roos financings. We believe that these financings make us the top firm in the State in terms of Mello-Roos financing experience.

Since January 1, 2010, the Firm has served as bond counsel on more than 30 land-secured transactions totaling over \$350 million, as disclosure counsel on 29 land-secured transactions totaling over \$439 million and as underwriter's counsel on 34 land-secured transactions totaling over \$500 million.

#### **Certificates of Participation/Lease Revenue Bonds**

The Firm has considerable experience working with local issuers of certificates of participation and lease revenue bonds including for the Cities of San Diego, Malibu, Manhattan Beach, Santa Monica, Vista and the Counties of Orange, Kern, Sonoma, San Bernardino and Stanislaus, and the State of California. These obligations are typically structured as leases in order to comply with constitutional debt limitations, and are issued either through public benefit corporations or joint power authorities.

Many of our lease revenue bond financings have involved the State Public Works Board (the "SPWB") for which the Firm has been the lead counsel for a number of years. Our work as bond counsel and co-disclosure counsel for the SPWB work is directly applicable to the work for the City's financings, as the SPWB financings involve abatement-style leases payable primarily from appropriations from the State's General Fund.

We also serve as Bond Counsel in connection with approximately twenty lease revenue or certificate of participation financings for school and community college districts each year.

In summary, in the last three years the Firm has served as Bond Counsel on approximately 66 COP and lease revenue financings with an aggregate principal amount in excess of \$5.5 billion.

#### **Single and Multifamily Housing Program Financings**

Since the early 1980s, the firm has been a statewide leader in housing finance for both multifamily bonds and single family bonds. We have acted as bond counsel on three of the City's multifamily financings since 2000.

Our housing financings include the full range of housing finance, including many innovative financings. We have successfully completed multifamily financings for both privately and publicly owned projects and for both new construction and rehabilitation. We have also completed a number of housing projects for nonprofits. Several of our housing bond financings have included mixed revenue streams where project revenues were supplemented with redevelopment low and moderate income housing funds. We also were the first firm to complete issues in California to finance mobile home parks using qualified 501(c)(3) bonds.

Over the last three years, we have served as Bond Counsel on 13 housing transactions with a principal amount in excess of \$190 million.

#### **Tax and Revenues Anticipation Notes (TRANS)**

With respect to temporary borrowings such as tax and revenue anticipation notes, we have served as Bond Counsel with respect to 42 of such issues in the last three years totaling almost \$1 billion, including financings for Kern City, the City of San Diego, pooled K-12 and community college districts

and a number of counties. We are confident of our expertise in this area and believe we could serve the City's interests well.

**Enterprise and Other Financings**

The Firm has served as Bond Counsel, Disclosure Counsel or Underwriter's counsel on a wide variety of financings for municipal enterprises, such as toll roads and electric utilities. We served as Bond Counsel to the Orange City Transportation Corridor Agency in connection with its issuance of more than \$2 billion of toll revenue bonds in 2013. In 2013 we also served as counsel to the Underwriters in connection with the issuance by the Riverside City Transportation Commission of more than \$175 million of its toll revenue bonds.

In the last three years, we have been involved in more than 70 financings for enterprise issuers with a principal amount in excess of \$3 billion.

(iv) In addition to our bond counsel and disclosure experience described above, we have extensive experience as underwriter's counsel, having acted in that capacity on more than 181 such financings totaling more than \$10 billion during the last three years.

### III. STAFF QUALIFICATION

Mr. Forbath would be the attorney primarily responsible for the engagement. Depending on the scope and type of financing, he would be assisted by one or more shareholders and/or associates on the transaction. Ms. Lew would be the attorney primarily in charge of providing tax advice and would be assisted by Mr. McHugh.

(a) Brian Forbath. Brian Forbath works exclusively in the public finance area and has extensive experience in utility revenue, land-secured, general obligation, tax increment and general fund financings and derivative transactions. Mr. Forbath is a 1998 graduate of Loyola Law School and attended the University of California, Santa Barbara as an undergraduate. Mr. Forbath has been a lecturer on federal securities laws at the National Association of Bond Lawyers Workshop in Chicago and was a member of the National Association of Bond Lawyers' task force on drafting Disclosure Roles of Counsel in State and Local Government Securities Offerings (3rd Edition, 2008). Mr. Forbath is a frequent lecturer for the California Debt and Investment Advisory Commission ("CDIAC"). Mr. Forbath has over fifteen years' experience acting as bond counsel, disclosure counsel and underwriter's counsel in all types of municipal finance transactions. Mr. Forbath represents public agencies throughout the State and is based in the Firm's Orange City office.

(b) Carol Lew. Carol Lew is nationally recognized with respect to tax issues relating to municipal finance. She received her J.D. from Hastings College of the Law. Ms. Lew is a Past President of the National Association of Bond Lawyers. Ms. Lew has previously served as President and President-Elect of the National Association of Bond Lawyers, Treasurer of the National Association of Bond Lawyers, Chair of the National Association of Bond Lawyers 2000 Tax Seminar and has served as a member of the Steering Committee of the National Association of Bond Lawyers Bond Attorneys' Workshop. Ms. Lew served as Editor-in-Chief of the National Association of Bond Lawyers' Federal Taxation of Municipal Bonds. Ms. Lew has served as Chair of the American Bar Association, Taxation Section, Tax-Exempt Financing Committee for the 2001-2003 term. Ms. Lew previously served as Vice-Chair and Secretary of the Tax-Exempt Financing Committee, and Chair of the Governmental Bond Subcommittee. In addition, Ms. Lew served on the Executive Committee of the State Bar of California, Taxation Section, and as a member of the Technical Advisory Committee of the California Debt and Investment Advisory Commission.

(c) Darren McHugh. Darren C. McHugh is a shareholder of the Firm. His practice focuses on the federal tax treatment of municipal debt issuances, including structuring debt issuances and lease financings. He serves as special tax counsel to issuers and conduit borrowers in tax and public finance engagements. He is admitted to practice law in Colorado. He is a frequent panelist at the Bond Attorney's Workshop in Chicago. He is a member of the National Association of Bond Lawyers. Mr. McHugh obtained his undergraduate degree from the University of Northern Colorado in 2005 and his law degree from the University of Denver in 2008.

(d) Vanessa Locklin. Vanessa S. Locklin is a Shareholder in the Public Law Department. She specializes in general municipal law, redevelopment, affordable housing, California water laws, the California Environmental Quality Act (CEQA), and conflict of interest and open meeting laws, and provides transactional and advisory services to numerous cities, redevelopment agencies and other public entities. Ms. Locklin also serves as Deputy General Counsel to the Chino Basin Desalter Authority (a joint exercise of powers authority that treats and sells ground water in the Chino Basin) and the redevelopment agencies of the cities of Porterville, Rialto and Garden Grove. Ms. Locklin frequently provides special legal services to the cities and redevelopment agencies of the cities of Anaheim, Glendale, Monrovia, San Juan Capistrano, Santa Ana, South Gate, Costa Mesa and Mission Viejo, among others. She graduated magna cum laude and Order of the Coif from the University of San Diego School

of Law, and graduated with honors from the University of California, Santa Cruz. She was an extern to Justice Gilbert Nares of the California Court of Appeal, Executive Editor of the San Diego Law Review, and Senior Executive Editor of the Journal of Contemporary Legal Issues. Ms. Locklin was admitted to the California State Bar in 2005 and has been with the Firm since January 2006.

#### IV. SPECIAL FIRM QUALIFICATIONS

(a) The Firm's experience in utility financings, including water and wastewater in particular is very extensive. We believe that we represent more water and wastewater agencies than any other bond counsel in the State. Our financings in the water and wastewater area have been extremely varied and include general obligation bonds, revenue anticipation notes, certificates of participation and bonds backed by leases, certificates of participation and bonds backed by installment purchase agreements, commercial paper programs, assessment districts, general obligation bonds, revenue bonds and advance and current refundings. Following is a list of wastewater-related financings our Firm has completed in the last three years:

<i>Closing Date</i>	<i>Issuer</i>	<i>Project Name</i>	<i>Principal Amount</i>
1/7/2011	East Bay Municipal Utility District	(Alameda and Contra Costa Counties, California) Wastewater System Revenue Refunding Bonds, Series 2008C (Variable Rate Demand Bonds) (Remarketing)	\$58,610,000
1/19/2011	East Bay Municipal Utility District	(Alameda and Contra Costa Counties, California) Wastewater System Revenue Refunding Bonds, Series 2011A	\$65,905,000
3/24/2011	County of Kern	Refunding Revenue Certificates of Participation, Series 2011 (Solid Waste System Improvements)	\$10,860,000
4/15/2011	Irvine Ranch Water District	Bonds of Irvine Ranch Water District Consolidated Refunding Series 2008A	\$58,800,000
4/15/2011	Irvine Ranch Water District	Bonds of Irvine Ranch Water District Consolidated Series 1995 Improvement District Nos. 105, 140, 240 and 250 (Remarketing)	\$21,700,000
6/21/2011	South Coast Water District	Refunding General Obligation Bonds, Series 2011A	\$2,965,000
7/13/2011	Ripon Public Financing Authority	Installment Purchase Agreement	\$2,195,000
7/20/2011	Eastern Municipal Water District	Refunding Water and Sewer Revenue Bonds, Series 2011A	\$56,255,000
9/22/2011	Coachella Sanitary District	Installment Purchase Agreement (Wastewater Treatment Project - USDA Loan)	\$3,000,000
2/1/2012	East Bay Municipal Utility District	(Alameda and Contra Costa Counties, California) Wastewater System Revenue Refunding Bonds, Series 2011A (SIFMA-Based Term Interest Rate Period) (Remarketing)	\$64,250,000
2/22/2012	City of Salinas	Sanitary Sewer System Revenue Bonds, Series 2012	\$17,995,000
4/4/2012	Escondido Joint Powers Financing Authority	Revenue Bonds (Wastewater System Financing), Series 2012	\$27,390,000
4/26/2012	City of Los Angeles	Wastewater System Subordinate Revenue Bonds Refunding Series 2012-A	\$157,055,000
5/24/2012	City of Los Angeles	\$49,650,000 Wastewater System Revenue Bonds, Refunding Series 2012-A and \$133,715,000 Wastewater System Subordinate Revenue Bonds, Refunding Series 2012-C	\$183,365,000
5/30/2012	City of Santa Monica	Wastewater Refunding Revenue Bonds Series 2012A	\$8,955,000
5/30/2012	City of Los Angeles	Wastewater System Subordinate Revenue Bonds Refunding Series 2012-B	\$253,880,000
6/1/2012	Eastern Municipal Water District	Water and Sewer Revenue Refunding Variable Rate Certificates of Participation, Series 2008C (REMARKETING)	\$53,355,000

<i>Closing Date</i>	<i>Issuer</i>	<i>Project Name</i>	<i>Principal Amount</i>
6/19/2012	City of Santa Maria	Water and Wastewater Revenue Refunding Bonds, \$48,064,492.80 Series 2012A (Tax- Exempt) and \$2,055,000.00 Series 2012B (Taxable)	\$50,119,493
6/21/2012	Eastern Municipal Water District	Water and Sewer Revenue Variable Rate Certificates of Participation, Series 2008G (REMARKETING)	\$50,000,000
7/12/2012	El Dorado Irrigation District	Refunding Revenue Bonds \$48,935,000 Series 2012A and \$1,750,000 Series 2012B (Taxable)	\$50,685,000
7/19/2012	Eastern Municipal Water District	Refunding Water and Sewer Revenue Bonds, Series 2012A	\$50,000,000
9/5/2012	Lodi Public Financing Authority	2012 Refunding Wastewater Revenue Bonds, Series A	\$17,105,000
10/17/2012	Redlands Financing Authority	Wastewater Revenue Refunding Bonds Series 2012A	\$4,655,000
11/20/2012	City of Dinuba	Wastewater Revenue Refunding Bonds Series 2012	\$8,145,000
11/20/2012	Dinuba Financing Authority	Lease Revenue Refunding Bonds (Public Works Projects) Issue of 2012	\$11,270,000
12/20/2012	Napa Sanitation District	Revenue Certificates of Participation, Series 2012A	\$37,845,000
3/25/2013	Eastern Municipal Water District	Refunding Water and Sewer Revenue Bonds, Series 2013A	\$54,575,000
5/8/2013	Oceanside Public Financing Authority	Sewer Revenue Refunding Bonds, Series 2013A	\$15,135,000
5/23/2013	City of Los Angeles	Wastewater System Subordinate Revenue Bonds, Refunding Series 2013-A	\$349,505,000
6/12/2013	Burlingame Financing Authority	Water and Wastewater Revenue Refunding Bonds, Series 2013	\$14,260,000
6/18/2013	City of Los Angeles	Wastewater System Revenue Bonds, Series 2013-A	\$149,980,000
6/18/2013	City of Los Angeles	Wastewater System Revenue Bonds, Refunding Series 2013-B	\$143,880,000
6/19/2013	East Valley Water District Financing Authority	Revenue Bonds, Series 2013A	\$12,085,000
6/27/2013	Western Riverside Water and Wastewater Financing Authority	Local Agency Revenue Refunding Bonds \$52,335,000 2013 Series A-1 and \$1,840,000 2013 Series A-2	\$54,175,000
6/27/2013	Western Riverside Water and Wastewater Financing Authority	Local Agency Revenue Refunding Bonds 2013 Series B	\$24,750,000
6/27/2013	City of Sacramento	Wastewater Revenue Bonds, Series 2013	\$30,855,000
10/24/2013	Redlands Financing Authority	Solid Waste Revenue Bonds, Series 2013A	\$13,500,000

(b) Since January 1, 2010, the Firm has served as bond counsel on more than 30 land-secured transactions totaling over \$350 million, as disclosure counsel on 29 land-secured transactions totaling over \$439 million and as underwriter's counsel on 34 land-secured transactions totaling over \$500 million.

## **V. CONFLICTS OF INTERESTS**

The Firm complies with all legal and ethical requirements relating to conflicts of interest, but does not have a separate conflicts policy. Prior to accepting any engagement, the Firm undertakes a conflicts review of all prior and existing clients to confirm that the proposed arrangement does not create any conflicts. The Firm frequently represents most of the underwriting firms active in California, including firms that underwrite the City's bonds. However, the Firm does not believe that there are any actual or potential conflicts of interest with the City, or any arrangements or relationships, formal or informal, that the firm or any of the attorneys listed in the response has with any party that might interfere with the firm's ability to provide independent and unbiased advice and recommendations to the City in performing the firm's role of bond or disclosure counsel.

## EXHIBIT A

### *Successor Agency Bond Counsel and Disclosure Counsel Closings*

<i>Date</i>	<i>Issuer</i>	<i>Closing</i>	<i>Principal Project Name</i>	<i>Amount</i>
1/9/2014	Successor Agency to the Orange City Development Agency		(Santa Ana Heights Project Area) Tax Allocation Refunding Bonds, Issue of 2014	\$20,960,000
8/20/2014	Successor Agency to the City of California City Redevelopment Agency		California City Redevelopment Project Area Tax Allocation Refunding Bonds Series 2014	\$9,735,000
4/8/2015 Agency	Successor Agency to the Oroville Redevelopment Series 2015A and \$525,000 Series 2015B (Taxable)		Oroville Redevelopment Project No. 1 Tax Allocation Refunding Bonds \$18,380,000	\$18,905,000
Anticipated 8/2015	Successor Agency to the Redevelopment Agency of the City of Lake Elsinore		Subordinated Tax Allocation Refunding Bonds , Series 2015	\$7,225,000 *
Anticipated 1/2016	Successor Agency to the Redevelopment Agency of the City of San Diego		Tax Allocation Refunding Bonds , Series 2015A and Series 2015B	\$235,000,000*

### *Disclosure Counsel Closings*

<i>Date</i>	<i>Issuer</i>	<i>Closing</i>	<i>Principal Project Name</i>	<i>Amount</i>
2/12/2015	Successor Agency to the Community Redevelopment Agency of the City of Delano		Delano Redevelopment Project Area No. 1 2015 Tax Allocation Refunding Bonds \$11,505,000 Series A and \$1,185,000 Series B (Taxable)	\$12,690,000
7/6/2015	Successor Agency to the Poway Redevelopment Agency		Paguay Redevelopment Project 2015 Tax Allocation Refunding Bonds \$133,110,000 Series A and \$26,845,000 Series B (Taxable)	\$159,955,000
7/14/2015	Successor Agency to the San Marcos Redevelopment Agency		\$84,710,000 Tax Allocation Refunding Bonds, Series 2015A and \$139,285,000 Taxable Tax Allocation Refunding Bonds, Series 2015B	\$223,995,000

\*Preliminary, subject to change

### *Bond Counsel Closings*

<i>Closing Date</i>	<i>Issuer</i>	<i>Project Name</i>	<i>Principal Amount</i>
12/19/12	Successor Agency to the Dinuba Redevelopment Agency	Merged City of Dinuba Redevelopment Project and Dinuba Redevelopment Project No. 2, As Amended Subordinate Tax Allocation Refunding Bonds Issue of 2012	\$1,700,000
02/20/13	Successor Agency to the Monrovia Redevelopment Agency	Central Redevelopment Project Project Area No. 1 Subordinate Tax Allocation Refunding Bonds Issue of 2012	\$13,330,000
06/04/13	Successor Agency to the Upland Community Redevelopment Agency	Upland Community Redevelopment Project (A Merged Project) Tax Allocation Refunding Bonds, Issue of 2013	\$22,090,000
10/30/13	Successor Agency to the Monrovia Redevelopment Agency	Central Redevelopment Project Project Area No. 1 Subordinate Tax Allocation Refunding Bonds Issue of 2013A	\$12,000,000
10/30/13	Successor Agency to the Monrovia Redevelopment Agency	Central Redevelopment Project Project Area No. 1 Subordinate Taxable Tax Allocation Refunding Bonds Issue of 2013B Issue of 2014	\$3,920,000
05/14/14	Successor Agency to the Dinuba Redevelopment Agency	Merged City of Dinuba Redevelopment Project and Dinuba Redevelopment Project No. 2, As Amended, Tax Allocation Refunding Bonds, Issue of 2014	\$14,650,000
06/19/14	Successor Agency to the Redevelopment Agency of the City of Chino	Tax Allocation Refunding Bonds \$27,285,000 Series 2014A and \$1,470,000 Taxable Series 2014B	\$28,755,000
07/10/14	Successor Agency to the Lemon Grove Community Development Agency	Lemon Grove Redevelopment Project Area Tax Allocation Refunding Bonds, Issue of 2014 (Bank Qualified)	\$5,740,000
07/16/14	Successor Agency to the Garden Grove Agency for Community Development	Garden Grove Community Project Tax Allocation Refunding Bonds, Issue of 2014	\$38,810,000
08/20/14	Successor Agency to the Orange City Development Agency	(Neighborhood Development and Preservation Project) Tax Allocation Refunding Bonds, Issue of 2014	\$14,090,000
11/25/14	Successor Agency to the Community Redevelopment Agency of the City of Calexico	Merged Central Business District and Residential Redevelopment Project Area Tax Allocation Refunding Bonds Issue of 2014	\$15,395,000
03/25/15	Successor Agency to the Lancaster Redevelopment Agency	Combined Redevelopment Project Areas (Housing Programs) \$12,560,000 Tax Allocation Refunding Bonds Issue of 2015A and	\$23,510,000

		\$10,950,000 Taxable Tax Allocation Refunding Bonds Issue of 2015B	
06/17/15	Successor Agency to the Ceres Redevelopment Agency	Ceres Redevelopment Agency Project Area No. 1 Subordinate Tax Allocation Refunding Bonds Issue of 2015	\$8,050,000
06/18/15	Successor Agency to the Lindsay Redevelopment Agency	Lindsay Redevelopment Project No. One Tax Allocation Refunding Bonds Issue of 2015	\$13,000,000

***Underwriter's Counsel Closings***

<b><i>Closing Date Amount</i></b>	<b><i>Issuer</i></b>	<b><i>Project Name</i></b>	<b><i>Principal</i></b>
10/03/13	Oakland Redevelopment Successor Agency	Central District Redevelopment Project Subordinated Tax Allocation Refunding Bonds, Series 2013	\$102,960,000
10/24/13	Successor Agency to the Coachella Redevelopment Agency	Subordinate Tax Allocation Bonds (Merged Project Areas) 2013 Series	\$5,275,000
12/12/13	Successor Agency to the Brea Redevelopment Agency	Redevelopment Project AB 2013 Tax Allocation Refunding Bonds	\$96,620,000
12/20/13	City of Bellflower Redevelopment Refunding Authority (CRA/LA, a Designated Local Authority (Hollywood, North Hollywood, Adelante Eastside and Mid-City Recovery Redevelopment Projects)	Tax Allocation Revenue Refunding Bonds (\$31,650,000 Series 2013A (Tax-Exempt) CRA/LA Hollywood Redev. Project and North Hollywood Redev. Project; \$11,875,000 Series 2013B (Federally Taxable) CRA/LA Hollywood Redev. Project; \$10,120,000 Series 2013C (Federally Taxable) CRA/LA Adelante Eastside Redev. Project and Mid-City Recovery Redev. Project)	\$53,645,000
12/24/13	City of Bellflower Redevelopment Refunding Authority (Successor Agency to the Alhambra Redevelopment Agency; Successor Agency to the Claremont Redevelopment Agency; CRA/LA, a Designated Local Authority (Little Tokyo Redevelopment Project); Successor Agency to the Redevelopment Agency of the City of Monterey Park; Successor Agency to the West Hollywood Community Development Commission; Successor Agency to the City of Covina Redevelopment Agency; Successor Agency to the Lynwood Redevelopment Agency)	Tax Allocation Revenue Refunding Bonds (\$78,405,000 Series 2013D Various Redevelopment Project Areas; \$12,151,599.90 Series 2013E Covina Revitalization-Redevelopment Project No. One; \$810,000 Series 2013F Lynwood Redevelopment Agency Alameda Project Area	\$91,366,600

01/28/14	Santa Cruz Redevelopment Successor Agency	2014 Tax Allocation Refunding Bonds	\$38,880,000
03/11/14	Successor Agency to the Redevelopment Agency of the City and City of San Francisco	2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project)	\$56,245,000
05/28/14	Riverside City Public Financing Authority	\$6,505,000 2014 Tax Allocation Revenue Bonds Series A (Indian Wells Refunding Project) and \$27,840,000 2014 Taxable Tax Allocation Revenue Bonds, Series A-T (Indian Wells Refunding Project)	\$33,985,000
06/18/14	Successor Agency to the Bell Gardens Community Development Commission	\$3,555,000 Tax Allocation Revenue Refunding Bonds, Series 2014A (Project No. 1 Redevelopment Area); \$6,775,000 Tax Allocation Revenue Refunding Bonds, Series 2014B (Central City Redevelopment Area); \$11,125,000 Second Subordinate Tax Allocation Revenue Refunding Bonds, Series 2014C (Central City Redevelopment Area) (Taxable)	\$21,455,000
07/31/14	City of Bellflower Redevelopment Refunding Authority (Successor Agency to the Community Development Commission of the City of South Gate and Successor Agency to the Claremont Redevelopment agency)	Tax Allocation Revenue Refunding Bonds (\$33,215,000 Series 2014A (Tax-Exempt) South Gate Redevelopment Project No. 1 and Claremont Consolidated Redevelopment Project and \$3,920,000 Series 2014B (Federally Taxable) South Gate Redevelopment Project No. 1	\$37,135,000
08/14/14	Successor Agency to the Palm Springs Community Redevelopment Agency	2014 Subordinate Tax Allocation Refunding Bonds	\$15,635,000
09/04/14	Successor Agency to the Redevelopment Agency of the City of San Pablo	Tax Allocation Refunding Bonds, Series 2014B	\$6,970,000
09/04/14	Successor Agency to the Redevelopment Agency of the City of San Pablo	Tax Allocation Refunding Bonds, \$47,595,00 Series 2014 and \$6,970,000 Series 2014B	\$54,565,000
10/01/14	Successor Agency to the Redevelopment Agency for the City of Riverside	Redevelopment Project Area No. 1 2014 Tax Allocation Refunding Bonds, Series A	\$19,620,000
10/01/14	Successor Agency to the Redevelopment Agency for the City of Riverside	Interstate 215 Corridor Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series E	\$16,545,000
10/01/14	Successor Agency to the Redevelopment Agency for the City of Riverside	2014 Tax Allocation Housing Refunding Bonds, Series A	\$36,465,000

10/01/14	Successor Agency to the Redevelopment Agency for the City of Riverside	Desert Communities Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series D	\$28,130,000
10/15/14	Successor Agency to the Coachella Redevelopment Agency	Subordinate Tax Allocation Bonds (Merged Project Areas) 2014 Series	\$9,250,000
10/16/14	Successor Agency to the Redevelopment Agency of the City of Riverside	2014 Subordinate Tax Allocation Refunding Bonds \$61,250,000 Series A and \$1,730,000 Taxable Series B	\$62,980,000
10/30/14	Successor Agency to the Redevelopment Agency of the City of San Leandro	2014 Tax Allocation Refunding Bonds (Redevelopment Projects)	\$11,235,000
10/30/14	City of Bellflower Redevelopment Refunding Authority (CRA/LA, a Designated Local Authority (Bunker Hill Project)	Tax Allocation Revenue Refunding Bonds \$148,640,000 Series 2014C (Tax Exempt) CRA/LA Bunker Hill Project and \$22,440,000 Series 2014D (Federally Taxable) CRA/LA Bunker Hill Project	\$171,080,000
12/04/14	Successor Agency to the Orange Redevelopment Agency	Orange Merged and Amended Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series A	\$28,850,000
12/11/14	Successor Agency to the Redevelopment Agency of the City of Suisun City	(Suisun City Redevelopment Project) \$3,880,000 2014 Series A Taxable Tax Allocation Refunding Bonds and \$38,230,000 2014 Series B Tax Allocation Refunding Bonds	\$42,110,000
12/23/14	Riverside City Public Financing Authority	2014 Tax Allocation Revenue Bonds (Hemet Refunding Project)	\$11,110,000
12/23/14	City of Bellflower Redevelopment Refunding Authority	Tax Allocation Revenue Refunding Bonds, Series 2014E (Successor Agency to the Covina Redevelopment Agency Project Areas)	\$6,985,000
12/30/14	Successor Agency to the Redevelopment Agency of the City and City of San Francisco	(San Francisco Redevelopment Projects) \$67,955,000 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds and \$75,945,000 2014 Series C Subordinate Tax Allocation Refunding Bonds	\$143,900,000
01/08/15	Successor Agency to the Napa Community Redevelopment Agency	Tax Allocation Refunding Bonds \$8,145,000 Series A (Tax-Exempt) and \$2,270,000 Series B (Federally Taxable)	\$10,415,000
03/04/15	Successor Agency to the Vista Redevelopment Agency	Vista Redevelopment Project 2015 Subordinate Tax Allocation Refunding Bonds \$23,300,000 Series A (Federally Taxable), \$33,880,000 Series B-1 (Tax-Exempt), \$1,240,000 Series B-2 (Federally Taxable)	\$58,420,000

03/26/15	Riverside City Public Financing Authority	\$16,895,000 2015 Tax Allocation Revenue Bonds, Series A (Corona Refunding Project) and \$3,140,000 2015 Taxable Tax Allocation Revenue Bonds, Series A-T (Corona Refunding Project)	\$20,035,000
06/25/15	Successor Agency to the Redevelopment Agency of the City of San Ramon	San Ramon Community Redevelopment Project 2015 Subordinate Tax Allocation Refunding Bonds \$33,860,000 Series A (Tax-Exempt) and \$16,515,000 Series B (Federally Taxable)	\$50,375,000
07/08/15	Successor Agency to the Redevelopment Agency for the City of Riverside	Mid-City Redevelopment Project Area 2015 Tax Allocation Refunding Bonds, Series C	\$15,025,000
07/08/15	Successor Agency to the Redevelopment Agency for the City of Riverside	Jurupa Valley Redevelopment Project Area 2015 Tax Allocation Refunding Bonds, Series B	\$64,365,000
07/14/15	Successor Agency to the Avalon Community Improvement Agency	\$17,160,000 Tax Allocation Refunding Bonds 2015 Series A and \$6,035,000 Taxable Tax Allocation Refunding Bonds 2015 Series B	\$23,195,000
07/23/15	City of Bellflower Redevelopment Refunding Authority	Tax Allocation Revenue Refunding Bonds \$74,375,000 Series 2015A (Tax-Exempt) and \$81,445,000 Series 2015B (Federally Taxable)	\$155,820,000
07/29/15	Successor Agency to the Redevelopment Agency for the City of Colton	Tax Allocation Refunding Bonds 2015 Series	\$18,925,000
Anticipated 11/2015	Successor Agency to the Redevelopment Agency of the City of Santa Rosa	Tax Allocation Refunding Bonds, Series 2015A and Taxable Series 2015B	TBD

## **EXHIBIT B**

### **RESUMES**

#### **BRIAN P. FORBATH**

**PRACTICE BACKGROUND  
AND RELATED EXPERIENCE:**

Practices in the area of public law, specializing in municipal finance

Judicial Extern, Honorable Barry Russell, U.S. Central District  
Bankruptcy Court

**EDUCATION:**

J.D., Loyola Law School, Los Angeles, CA, 1998 B.A.

University of California-Santa Barbara, Santa Barbara, CA, 1994  
(Partly earned at the Universidad de Valencia, Valencia, Spain)

**SPECIAL HONORS AND  
MEMBERSHIPS:**

State Bar of California

Federal Bar Association

American Bar Association

Orange City Bar Association

National Association of Bond Lawyers

Barry Russell Scholarship Award, Los Angeles Chapter -Federal  
Bar Association

Drafted published opinion In Re Jones, 208 B.R. 935 (Bankr. 9th  
Cir. 1997)

**TASK FORCE:**

National Association of Bond Lawyers Task Force on drafting  
*Disclosure Roles of Counsel in State and Local Government  
Securities Offerings* (3<sup>rd</sup> Edition, 2008)

**LECTURER:**

National Association of Bond Lawyers, Bond Attorneys'  
Workshop, Chicago 2007

California Debt and Investment Advisory Commission

California Society of Municipal Finance Officers

Bond Buyer Conference, Los Angeles 2013

**CAROL L. LEW**

**EXPERIENCE:**

STRADLING YOCCA CARLSON & RAUTH  
Newport Beach, California  
(Shareholder)  
1/91 through present

BROWN & WOOD  
San Francisco, California  
(Associate)  
8/89 through 12/90

ORRICK, HERRINGTON & SUTCLIFFE  
San Francisco, California  
(Associate)  
8/86 through 8/89

**LEGAL EDUCATION:**

University of California,  
Hastings College of the Law  
San Francisco, California  
J.D., Magna Cum Laude, May 1986, Order of the Coif

**ACTIVITIES:**

**Organizations:**

National Association of Bond Lawyers,  
President, National Association of Bond Lawyers,  
2006-2007  
Editor in Chief, National Association of Bond Lawyers' five volume  
treatise Federal Taxation of Municipal Bonds, 2000-2001  
Member of Steering Committee for the Bond Attorneys' Workshop,  
1997-2000  
American Bar Association, Taxation Section,  
Tax-Exempt Financing Committee,  
Chair of Tax-Exempt Financing Committee 2001-2003;  
Chair of Subcommittee on Governmental Bonds 1997-1999;  
Chair of Task Force on Change in Use 1995-1997;  
Secretary 1993-1995;  
member of various task forces  
State Bar of California, Taxation Section, Executive Committee  
Member, 1997-2000; Income/Other Taxes  
Committee, Co-Chair, 1994-1996  
California Debt and Investment Advisory Commission  
Member of Technical Advisory Committee, 2002-2006  
Project Manager, California Investment Primer

**Panelist:**

Seminars With Respect to Tax Matters: National Association of Bond  
Lawyers, Practising Law Institute, California Debt Advisory Commission,  
Coalition for Adequate School Housing

**Task Forces:**

American Bar Association  
Taxation Section  
National Association of Bond Lawyers

**DARREN C. MCHUGH**

**EXPERIENCE:**

Stradling Yocca Carlson & Rauth  
04/15 through present

Dinsmore & Shohl LLP (successor by merger to Peck,  
Shaffer & Williams LLP)  
06/13 through 03/15

Kutak Rock LLP  
10/08 through 06/13

**EDUCATION:**

**Legal**

University of Denver, Sturm College of Law  
Denver, Colorado  
J.D., Order of St. Ives, May 2008

**Undergraduate**

University of Northern Colorado  
Greeley, Colorado  
B.A., cum laude, 2005

**MEMBER:**

State Bar of Colorado  
National Association of Bond Lawyers  
American Bar Association

VANESSA S. LOCKLIN

**EDUCATION:**

<b>Legal</b>	University of San Diego School of Law San Diego, California J.D. 2005 <i>magna cum laude</i> ; Order of the Coif
<b>Undergraduate</b>	University of California at Santa Cruz, B.A. in Psychology, with Honors

**EXPERIENCE:**

<b>Admitted to Practice:</b>	State of California, 2005
<b>Professional Experience:</b>	January 2006 to Present Stradling Yocca Carlson & Rauth Shareholder
<b>Practice Areas:</b>	Transactional and advisory legal services relating to general municipal law, real estate, economic development, affordable housing financing and development, California water laws, the California Environmental Quality Act (CEQA), conflict of interest and open meeting laws, and public finance.

**SPECIAL HONORS, MEMBERSHIPS, PROGRAM SPEAKER:**

- American Bar Association, 2006
- State Bar of California, 2005
- Extern to Justice Gilbert Nares, California Court of Appeal, Fourth District, Division One, Spring 2005
- San Diego Law Review, Executive Editor, 2004–2005
- Journal of Contemporary Legal Issues  
Senior Executive Editor, 2003-2004
- Co-author: *A Survey of the Single Subject Rule as Applied to Statewide Initiatives*, 13 J. CONTEMP. LEGAL ISSUES 579 (2004)
- California Redevelopment Association
  - CRA Brownfields Committee, Member (March 2008-present)
  - Program Speaker, Critical Elements of the DDA (2007, 2008)
  - Program Speaker, Administering and Monitoring Affordable Housing Requirements. Affordable Housing Conference 2011
- Public Law Section, State Bar of California
- Secretary and Director, Project Hope Alliance, a California nonprofit, public benefit corporation (May 2011-May 2015)

## Firm Overview and Summary of Credentials

*Overview of the Firm.* Stifel, a wholly owned subsidiary of Stifel Financial Corporation, is a full-service brokerage and investment banking firm. The company provides investment banking, trading, investment advisory, securities brokerage, and related financial services to public agencies, individual investors, professional money managers, and businesses. Stifel Financial is a publicly traded firm listed on the NYSE under the ticker 'SF'.

*California Public Finance Practice.* Stifel is consistently the number-one ranked underwriter of California negotiated new issues. In fact, Stifel senior managed more negotiated financings than any other firm as measured by both the number of issues and dollar volume in 2015 (272 California long-term bond issues totaling \$8.1 billion\*).

*Post-Dissolution Tax Allocation Experience.* Since 2012, Stifel has served as sole, senior or co-managing underwriter on 101 post-dissolution tax increment financings in California totaling about \$3.7 billion in par value\* (including 28 taxable transactions totaling \$1.1 billion in par value\*). This amount represents nearly 55% of all tax allocation financings that have come to market in California since dissolution.

*Private Placement Solutions.* Stifel is a leading provider of private placement solutions, having successfully completed 32 privately placed California municipal issues this past year. We have experience leading private placements and limited offerings for nearly every type of municipal bond and maintain active relationships with all of the buyers in the market.

*Staff Experience.* Jose Vera, *Managing Director and Lead Contact to the City and Successor Agency*, and Tom Jacob, *Vice President and Lead Quantitative Support*, have considerable post-dissolution redevelopment experience.

<p><b>Jose Vera</b> <i>Managing Director</i> Lead Contact</p> <p>(213) 443-5002 jvera@stifel.com</p>	<p>Jose Vera has more than 15 years of public finance experience working with public agencies on a variety of credits. Over the course of his public finance career, Jose has amassed considerable post-dissolution experience in California, especially for issuers within Los Angeles County. Since dissolution, Jose has assisted with 10 transactions totaling over \$100 million in par value. Included in this experience are 8 issues totaling nearly \$80 million in par value for issuers within Los Angeles County.</p> <p>Jose is a Paul Harris Fellow and current President of the Rotary Club of Los Angeles (5<sup>th</sup> oldest Rotary club in the world), one of the largest community service clubs in the world. Jose earned his B.S. degree in Economics and a Minor in Mechanical Engineering from Massachusetts Institute of Technology.</p>
<p><b>Tom Jacob</b> <i>Vice President</i> Lead Quantitative Support</p> <p>(213) 443-5010 tjacob@stifel.com</p>	<p>Tom has nearly 9 years of public finance experience and has assisted municipal bond issuers with the sale of over \$3.0 billion in par value. Since dissolution, Tom has assisted successor agencies with 20 transactions totaling nearly \$750 million in par value.</p> <p>Tom has a BA in Business Management from the University of California at Santa Cruz. Additionally, Tom studied at the University of Barcelona, Spain, and speaks Spanish fluently. Prior to joining Stifel, Tom worked for Public Financial Management (PFM), where he provided independent financial advice to municipal issuers.</p>

## Disclosure

Stifel, Nicolaus & Company, Incorporated ("Stifel") has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC's Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement. Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its' own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and /or counsel as you deem appropriate.

## **Wolf & Company Inc.** **Company Overview**

Wolf & Company Inc., established in 1993, is a financial advisory firm registered with the SEC and MSRB. Wolf & Company provides financial advisory services to state and local governments, housing finance agencies, insurance companies, mortgage bankers, investment bankers and institutional investors. Wolf & Company maintains its office at 1100 S. Flower Street, Suite 3300, Los Angeles, CA 90015.

The President of Wolf & Company Inc. is Wesley R. Wolf. Mr. Wolf has over 35 years of financial and government experience. Prior to the formation of Wolf & Company Inc., Mr. Wolf served as a senior executive for 12 years with a financial service company holding various mortgage banking, mortgage insurance and investment banking positions.

Mr. Wolf has structured and/or placed credit enhancements on over \$9 billion of state and local tax exempt and taxable revenue bonds. Mr. Wolf has been the manager on \$5.5 billion in administrator/compliance/oversight agent contracts.

Prior to his affiliation with the financial service company, Mr. Wolf was a principal in a financial advisory firm that provided economic and financial services in the area of municipal finance.

Mr. Wolf also previously served as a City Administrator and Executive Director of a Redevelopment Agency in California.

Wayne Mittleider manages Wolf & Company's non financial advisory services to Wolf & Company's clients. Mr. Mittleider has over 30 years experience in government and finance. Mr. Mittleider served 8 years as an executive director of a state housing agency and 2 years as the administrator of a state insurance management group.

Mr. Mittleider was a senior executive for 5 years with a private mortgage insurance company and 3 years at a national not for profit housing corporation. Mr. Mittleider has structured and/or placed credit enhancements on over \$10 billion of state and local tax exempt and taxable revenue bonds.

Wolf & Company is a certified small business with the State of California.

Wolf & Company currently has ongoing contracts with the following public and private agencies: California Department of Veterans Affairs, Golden State Finance Authority, National Homebuyers Fund, City of La Verne, County of San Bernardino, contracts with 23 Independent Cities Finance Authority members and 17 California Municipal Finance Authority members.

## **Insurance Coverage**

Wolf & Company will maintain at its own expense throughout this Contract a general liability policy and an errors and omissions insurance policy (policy limits are \$4 million dollars on the general liability and \$1 million dollars on the E/O).

**WOLF & COMPANY  
SAMPLE OF WORK PRODUCTS/PROGRAMS**

**2016 PROJECTS ONGOING AND CURRENTLY IN THE WORKS**

SEVERAL RDA REFUNDINGS (FA)-City of San Fernando, City of Bellflower.  
GPM MUNICIPAL ADVISORS/PFA SINGLE FAMILY TBA PROGRAM  
DEVELOPMENT AUTHORITY OF DEKALB COUNTY, GA SINGLE FAMILY TBA  
PROGRAM-STRUCTURING AGENT  
WATER REFUNDING-2016 (FA)  
ICFA MOBILE HOME PARK REFUNDING-VISALIA 2016 (FA)  
CMFA-CITY OF LONG BEACH MOBILE HOME PARK FINANCING-2015  
CALPFA/DAUGHTERS OF CHARITY HEALTH SYTEM

2005/2016 on going services GSFA/NHF, SACRAMENTO, CA  
2007/2016 on going services CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS,  
SACREMENTO, CA

**TAXABLE BOND PROGRAMS-FINANCIAL AND OR MORTGAGE ADVISOR**

DOWNEY REGIONAL MEDICAL CENTER-HOSPITAL-ICFA \$21 MILLION (FA)  
SOUTH CAROLINA JOBS ECON DEVE AUTHORITY RCB HOSP LLC  
PROJECT \$8.4 MILLION (FA)  
CHARTER SCHOOL FINANCING-ICFA/ALLIANCE CITY OF LOS ANGELES, CA-\$14 MILLION  
(FA)  
2008-2012-NAVY MILITARY HOUSING PRIVATIZATION PROJECT-ASSET/PORTFOLIO  
MANAGEMENT  
INDEPENDENT CITIES-\$50 MILLION TAXABLE HOUSING BONDS  
MASS HOUSING FINANCE AGENCY-\$25 MILLION TAXABLE HOUSING BONDS  
VENTURA CITIES MORTGAGE FINANCE AGENCY-\$25 MILLION TAXABLE HOUSING BONDS  
INDEPENDENT CITIES-\$65 MILLION TAXABLE HOUSING BONDS

**TAX EXEMPT BOND PROGRAMS-PROGRAM ADMINISTRATION (PA) AND OR  
MORTGAGE/INSURANCE (MI) OR FINANCIAL ADVISOR (FA)**

CITY OF LA PUENTE, CA TAB REFUNDING (FA)  
MONTEBELLO SCHOOL DISTRICT REFUNDING (FA)  
\$27 MILLION-COUNTY OF SAN BERNARDINO, CA-ON GOING  
\$14,850,000-COUNTY OF SAN BERNARDINO, CA-ON GOING  
\$25,505,000-COUNTY OF SAN BERNARDINO, CA-ON GOING  
14,235,000-COUNTY OF SAN BERNARDINO, CA-ON GOING  
\$500,000-DPAIN NOTE-COUNTY OF SAN BERNARDINO, CA  
\$23,312,789-COUNTY OF SAN BERNARDINO, CA  
5,000,000-COUNTY OF SAN BERNARDINO, CA  
\$15,300,000-CRHMFA HOMEBUYERS FUND, SACRAMENTO, CA

**INSURANCE/MORTGAGE ADVISOR-FREDDIE MAC PROGRAM**

\$50,000,000 HOUSING COMM OF ANNE ARUNDEL COUNTY, MD  
\$30,000,000 CALIFORNIA HOUSING OPPORTUNITIES COMM, CA  
\$40,000,000 RICHMOND COUNTY (AUGUSTA), GA  
\$35,000,000 STRATEGIC/TRAVIS COUNTY, TX  
\$40,000,000 FULTON COUNTY, GA

\$53,000,000 ABAG, CA  
\$50,000,000 LOUISIANA PUBLIC FACILITIES AUTHORITY  
\$27,000,000 REGION III HOUSING AUTHORITY OF NEW MEXICO  
\$25,000,000 MISSISSIPPI HOME CORPORATION  
\$27,000,000 THE INDUSTRIAL DEVELOPMENT AUTHORITY PIMA  
\$43,000,000 PULASKI COUNTY, ARKANSAS  
\$25,000,000 CALIFORNIA COMM HOUSING & FINANCE AGENCY  
\$20,000,000 PACIFIC HOUSING & FINANCE AGENCY  
\$40,000,000 HARRISONBURG REDEVELOPMENT & HOUSING  
\$55,000,000 CAL CITIES HOME OWNERSHIP AUTHORITY  
\$65,000,000 RIVERSIDE-SAN BERN HOUSING & FINANC AGENCY  
\$75,000,000 SAN DIEGO AREA HOUSING & FINANCE AGENCY  
\$50,000,000 OKLAHOMA HOUSING DEVELOPMENT AUTHORITY  
\$90,000,000 EAST BAY DELTA HOUSING & FINANCE AGENCY  
\$70,000,000 PACIFIC HOUSING & FINANCE AGENCY  
\$35,000,000 HARRISONBURG REDEVELOPMENT & HOUS AUTH  
\$70,000,000 CALIFORNIA CITIES HOME OWNERSHIP AUTHORITY  
\$40,000,000 OKLAHOMA HOUSING DEVELOPMENT AUTHORITY  
\$27,300,000 COUNTY OF SAN BERNARDINO CALIFORNIA  
\$60,000,000 CALIFORNIA RURAL HOUSING AUTHORITY CALIF

**DOWNPAYMENT AND CLOSING COST ASSISTANCE PROGRAMS-SECOND MORTGAGE PROGRAMS-INSURANCE/MORTGAGE/FINANCIAL ADVISOR**

DEVELOPMENT AUTHORITY OF DEKALB COUNTY, GA SINGLE FAMILY TBA PROGRAM  
GET HOME NOW PROGRAM-APD SOLUTIONS/HOME DEPOT  
ENTERPRISE COMMUNITY LOAN FUND  
MIAMI DADE AFFORDABLE HOUSING FOUNDATION (STATEWIDE FLORIDA PROGRAM)  
SHENANDOAH HOUSING CORPORATION (STATEWIDE PROGRAM VIRGINIA AND MARYLAND)  
CAL RURAL-FANNIE MAE-RADIAN  
CAL RURAL-BOND-RADIAN  
MARICOPA COUNTY-FANNIE MAE-RADIAN  
NEHEMIAH PROGRAM-1<sup>ST</sup> NATIONWIDE-RADIAN  
RURAL ALLIANCE-FANNIE MAE-RADIAN

**MOBILE HOME PARK FINANCINGS-OVERSIGHT AGENT SERVICES-40 MHP SERVICES ON GOING.**

2015-ICFA SAN JUAN CAPISTRANO (FA)  
2015-ICFA SAN MARCOS-PALOMAR E & W (FA)  
2014-CITY OF LAVERNE, CA (FA)  
2014-CMFA CARITAS 9 PARKS  
2012-CITY OF ROHNERT PARK, CA-2 PARKS  
2014-ICFA/SAN MATEO COUNTY, CA (FA)  
2004-ICFA/CITY OF HERMOSA BEACH, CA  
2014-ICFA/CITY OF MORGAN HILL  
2006-ICFA/CITY OF SAN JUAN CAPISTRANO, CA  
2007-ICFA-CITY OF FRESNO, CA  
2012-ICFA-CITY OF FRESNO, CA  
2007-ICFA-CITY OF SANTA ROSA, CA  
2010-ICFA-CITY OF SALINAS, CA  
2010-CMFA-CITIES OF PALMDALE, GARDEN GROVE (2) AND YUCIAPA, CA  
2011-ICFA-CITY OF CAPITOLA, CA  
2012-CMFA-CITIES OF LANCASTER, VACAVILLE AND NEWCASTLE

2012-ICFA-CITY OF YUCIAPA, CA (2)  
2012-ICFA-CITY OF PALM SPRINGS, CA  
2012-ICFA AUGUSTA COMMUNITIES, CA 4 PARKS  
2013-CITY OF SAN MARCOS, CA-ICFA  
2013-CITY OF CARPENTERIA, CA-ICFA  
2013-TOWN OF WINDSOR, CA-CMFA

**MORTGAGE PORTFOLIO MANAGEMENT**

RADIAN INSURANCE 2ND MORTGAGE PORTFOLIO-SERVICES ONGOING

**STRATEGIC CONSULTING SERVICES  
MORTGAGE/INSURANCE/SALES**

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS (CDVA), SACRAMENTO, CA  
GE CAPITAL MORTGAGE CORPORATION, RALEIGH, NC  
ENTERPRISE COMMUNITY LOAN FUND  
NATIONAL HOMEBUYERS FUND, SACRAMENTO, CA  
NEHEMIAH CORPORATION, SACRAMENTO, CA/U.S. CONFERENCE OF MAYORS/CITIESFIRST

**GUARANTEED INVESTMENT CONTRACT SERVICES**

MUNICIPAL CLIENTS INCLUDE: DESERT WATER AGENCY, IDAHO HOUSING & FINANCE  
AGENCY, DELANO FINANCE AUTHORITY, CITIES OF HERCULES, UNION CITY, MOORPARK  
AND RICHMOND, ICFA CITIES SALINAS, CAPITOLIA, ROHNET PARK, SAN MATEO COUNTY,  
SANTA ROSA, SAN JUAN CAPISTRANO, FRESNO

**MULTI FAMILY HOUSING DEVELOPMENT-FINANCIAL ADVISOR/BOND HOLDER  
REPRESENTATIVE**

HUNTINGTON PARK, CA GNMA SALE-CLOSED  
HOUSING AUTHORITY OF SAN BERNARDINO, CA GNMA SALES-CLOSED  
NATIONAL CITY, CA GNMA SALE-CLOSED  
SENIOR HOUSING PROJECT ATLANTA, GA UNDERWAY 2015  
SENIOR HOUSING PROJECT MIAMI, FL UNDERWAY 2015

**CONTINUING DISCLOSURE AGREEMENT**

PROVIDING DISSEMINATION AGENT SERVICES FOR 18 TAX EXEMPT ISSUES.

January 4, 2016

Mr. Jeffrey Stewart  
City Manager  
City of Bellflower  
16600 Civic Center Drive  
Bellflower, CA 90706

**Re: *Qualifications specific to Fiscal Consultant Report Services related to Tax Allocation Bond Refinance***

Dear Mr. Stewart:

Please find attached the qualifications of our firm, as well as our anticipated team of professionals with regard to Fiscal Consultant Report Services.

We look forward to this opportunity to serve the City of Bellflower. Please feel free to contact the Project Manager directly at (951) 587-3552, or via email at [JOmeteotl@Willdan.com](mailto:JOmeteotl@Willdan.com) if you have any questions regarding this submission.

Sincerely,

WILLDAN FINANCIAL SERVICES



Mark Risco  
President and CEO

## Firm Profile

Willdan Financial Services (“Willdan”) is one of four operating divisions within Willdan Group, Inc. (WGI), which was founded in 1964 as an engineering firm working with local government. Today, WGI is a publically-owned company on NASDAQ (NASDAQ ticker: WLDN). WGI provides technical and consulting services that ensure the quality, value and security of our nation’s infrastructure, systems, facilities, and environment. The firm has been a consistent industry leader in providing all aspects of municipal and infrastructure engineering, public works contracting, public financing, planning, building and safety, construction management, homeland security, and energy efficiency and sustainability services. At present, WGI employs over 600 individuals in established offices in Chicago, Dallas, Kansas City, New York City, Orlando, Phoenix, Seattle, and Washington, DC; as well as throughout the state of California.



**Founded in 1988, Willdan Financial Services is a wholly-owned subsidiary of WGI and is one of the largest public sector financial consulting firms in the United States.** Since that time, we have assisted over 800 public agencies successfully address a broad range of financial challenges, such as financing the costs of growth and generating revenues to fund desired services. Willdan assists local public agencies by providing the following services:

- Retail Rate and Cost-of-Service Studies
- Debt issuance support
- Capital Financing Analyses
- Wholesale Rate Studies
- Capacity Fee Studies (Impact Fees)
- Financial/Strategic Planning Studies
- Economic Analyses
- Economic Development Analyses
- Financial Analyses and Modeling
- Regionalization Studies
- Utility Valuation Studies
- Merger and Acquisition Studies
- Long-term financial plans and cash flow modeling
- Contract Development
- Expert Witness Support
- Litigation Support
- Cost allocation studies

Our staff of over 60 full-time employees supports our clients by conducting year-round workshops and on-site training to assist them in keeping current with the latest developments in our areas of expertise.

The organization chart located below represents Willdan’s reporting structure, including the operating groups and the responsible manager.



## Project Team

Our management and supervision philosophy is simple: staff every position with experienced personnel to deliver a superior product and deliver effective results on time and on budget. With that philosophy in mind, we have selected the following individuals for this engagement. We are confident that our team possesses a depth of experience that will successfully fulfill the City's need for a thorough treatment of a diverse and complex set of issues.

## José Ometeotl

### Project Manager

#### Education

*Master of Planning,  
Community and Local  
Economic Development,  
University of  
Southern California,  
Los Angeles*

*Bachelor of Science, City  
and Regional Planning  
with a Concentration in  
US Latino Studies  
Cornell University, Ithaca,  
New York*

#### Areas of Expertise

*Benefit/Maintenance  
Assessment Districts*

*Community Facilities  
Districts*

*Marks-Roos Pools*

*Local Improvement  
Districts*

#### Professional Affiliations

*American Planning  
Association*

*International Council of  
Shopping Centers*

*Massachusetts Certified  
Public Purchasing Official*

*Southern California  
Planning Congress  
(Former Board Member)*

#### 16 Years' Experience

Mr. Ometeotl is a project manager in Willdan's District Administration Services group. His responsibilities include the administration of Mello-Roos Community Facilities Districts, 1972 Act Landscape and Lighting Districts, 1915 Act Local Improvement Districts, and other special districts. In this capacity, he oversees the creation and maintenance of parcel databases; the calculation and preparation of annual assessments, special taxes and prepayments; the preparation of bond calls; the analyses of refundings and flow of funds; and the conveyance of information to property owners.

His prior accomplishments, involving the coordination of real estate and redevelopment consulting projects for public agencies will provide Willdan, and our clients, an additional wealth of knowledge. In fact, Mr. Ometeotl has over a decade of land based development finance experience to public sector clients across California, including the Cities of Arroyo Grande, Azusa, Commerce, Compton, Cypress, Desert Hot Springs, Firebaugh, Fontana, Fresno, Hemet, Lake Forest, Lynwood, Palm Desert, and San Bernardino. The services provided by Mr. Ometeotl extended to special district finance, pro forma analysis and development negotiation. He also possesses extensive experience in development plan adoptions, implementation and housing compliance plans, bond financing consultant reports, multiple property acquisitions, analysis of large commercial and mixed-use residential projects, housing rehabilitation, and the drafting of development agreements.

Moreover, he has served as a senior-level staff member to two redevelopment-consulting firms in California where he provided research, document preparation, financial analysis, and project management and implementation services for public agencies. Mr. Ometeotl has also served as a community development planner for the Pioneer Valley Planning Commission and the University of Southern California's Center for Economic Development.

### Project Experience

**City of Roseville, CA – Special District Administration:** Oversees administration of the City of Roseville's 8 Landscaping and Lighting Districts and 36 Community Facilities Districts, comprising over 52,000 parcels.

**City of Compton, CA – Annual Administration Services:** Mr. Ometeotl manages the City of Compton's annual administration services for their sewer service charge (20,724 active parcels) and Landscaping and Lighting District No. 1 (20,336 active parcels).

**City of San Rafael, CA – Landscape Maintenance District Administration:** Supervises the administration for the City's Point San Pedro Road Landscape Maintenance District. This particular district is unique in that the district was formed with both a services and bonding component.

**City of South Lake Tahoe, CA – Communities Facilities District Administration:** Mr. Ometeotl oversees the administration and delinquency management of the City's CFD No.'s 2001-1 and 1995-1. The CFDs generate a revenue stream of over \$1.1 million annually. This project includes database maintenance, researching parcel changes, and preparing and providing the annual levy of special taxes. Mr. Ometeotl has recently assisted the City with a refunding project for CFD 2001-1.

**McKinleyville Community Services District, CA – Assessment District Administration Services:** Mr. Ometeotl manages the annual administration of the McKinleyville CSD's Measure B Maintenance Assessment District. This particular district has approximately 6,220 parcels.

## Mike Medve

### Project Analyst

#### Education

*Bachelor of Science  
 Information and  
 Computer Science,  
 Management and  
 Mathematics Minors,  
 Cum Laude  
 University of  
 California Irvine*

#### Areas of Expertise

*Special District Formation*

*Development Impact Fees*

*Proposition 218*

*Fiscal Impacts*

*Tax  
 Increment/Redevelopment  
 Financing*

*Cost Allocation Plans*

*User Fees*

#### 10 Years' Experience

Mr. Mike Medve is a project manager within Willdan's Financial Consulting Services group. He brings ten years of consulting experience with expertise in public finance, including special district formation and administration, fiscal impact analysis, public facilities financing plans, integrated financing districts, Proposition 218, tax credit financing, state and federal grant and loan programs, sales tax revenue bonds, and infrastructure financing districts. He has acted as special tax consultant for over 50 CFD formations, annexations and restructurings.

Mr. Medve has been a financing team member for over \$150 million in limited obligation bonds and over \$50 million in grant funds. He has served as the lead public finance consultant for over thirty clients, both public and private, throughout the country. His broad experience in nearly all aspects of public finance allows him to approach complex projects with confidence and ensure that the client has the information necessary to make informed decisions.

#### Project Experience

**County of San Diego, CA – Special Tax Consulting:** Mr. Medve is currently assisting the County with their special tax consulting projects, specifically CFDs formed within unincorporated areas. To meet the demands of continued growth within the County, he is currently involved with the initial steps of forming three separate CFDs that will fund services and improvements ranging from flood control maintenance and fire protection services to necessary capital improvements. He is also helping to replace an existing Permanent Road Division special assessment with a special tax to fund street rehabilitation and maintenance.

**City of Yucaipa, CA – Tax Increment/Special Tax Consulting:** Provides consulting services related to the formation of one of the State's first Enhanced Infrastructure Financing Districts (EIFD). The EIFD is a new type of financing mechanism with the ability to combine CFD special taxes and tax increment financing to assist in funding public facilities and infrastructure with a broad public benefit. Mr. Medve is also assisting the City with its Cost Allocation Plan and User Fee update.

**City of Murrieta, CA – Special Tax Consulting:** Mr. Medve assisted the City of Murrieta with change proceedings related to the existing CFD No. 2005-5 for the Golden Cities project. The CFD was modified to accommodate new sales prices and a new product mix.

**City of Irvine, CA – Great Park Financing Plan:** Mr. Medve assisted the City's Orange County Great Park (OCGP) subsidiary with the formation of a CFD and Redevelopment Area for the Great Park project. After the elimination of redevelopment agencies, he assisted OCGP with changing the tax structure to accommodate land use modifications and CFD change proceedings to assure adequate funding.

**Three Rivers Levee Financing Authority – Public Finance Consulting Services:** Mr. Medve assisted a joint powers authority that was created to address the problem of flooding in the Plumas Lake area of Yuba County with the creation of its first CFD. The CFD was one element of a complex system of financing mechanisms needed to address the construction of levees to protect existing, new and planned homes. The public finance structure also included impact fees and an assessment district.

## Mark Risco

### Technical Advisor

#### Education

*Bachelor of Arts;  
University of California,  
Fullerton*

#### Areas of Expertise

*Landscaping and  
Lighting Districts*

*Community Facilities  
Districts*

*Benefit Assessment  
Districts*

*1913/1915 Acts  
Assessment Districts*

#### Professional Affiliations

*California Society of  
Municipal Finance  
Officers*

*California Municipal  
Treasurers' Association*

*Municipal Management  
Association of  
Southern California*

#### 16 Years' Experience

Mr. Mark Risco is Willdan Financial Services' President and Chief Executive Officer, whereby he oversees the division's three service groups—District Administration Services, Financial Consulting Services, and Federal Compliance Group. Mr. Risco typically serves in the role of technical advisor on a number of different projects and provides his assistance and guidance as needed.

Mr. Risco has been a speaker on assessment administration at various statewide organizations and is an active participant in various professional municipal associations. In addition, Mr. Risco leads workshops and training seminars outlining levy requirements and best practices for both clients and financial groups.

#### Project Experience

##### **City of Palm Desert, City of Los Angeles and County of Los Angeles – PACE Programs:**

Mr. Risco has overseen the allocation of necessary personnel resources required on a day-to-day basis for each of these PACE programs. He also provides technical annual administration oversight to the projects as well.

**Ygrene Energy Fund:** Mr. Risco provides technical guidance for the partnership agreement between Willdan and Ygrene. He provides policy advice specific to administration services necessary to properly facilitate the agreed upon arrangement.

**The Metropolitan Water District of Southern California:** Entails the annual preparation and billing correction of standby charges for over 3.7 million parcels on county secured property tax rolls. In addition, all exemption applications from the standby charge are processed and reviewed, as well as all prior exemption requests encompassing a three-year period.

**North City West School Facilities Financing Authority:** As executive director, Mr. Risco oversees a broad range of management services for the North City West School Facilities Financing Authority, which comprises three school districts — Del Mar Union, Solana Beach, and the San Dieguito Union High. Willdan audits and reports the Authority's annual financial accounting functions (in particular, maintaining and controlling financial reporting for the Office of Education's JPA developer fees/special taxes and project accounts in County funds); develops construction permit forecasts to estimate special tax revenues; coordinates the collection of one time developer fee payments; manages school construction ventures by maintaining five-year facilities' master plan projections of funding requirements; prepares annual updates and reports on facility construction efforts; processes annual tax levies and collections; handles debt management activities, such as making annual debt service payments to the Trustee, coordinating with vital financial institutions and the Office of Education, preparing wire payment requests and annual Disclosure reports, and coordinating the financing process for the issuance of new and/or refunded bonds; and, lastly, Willdan manages the investment of fund balances, including reviewing and approving investment recommendations, tracking investment returns and fund balances, and coordinating with the County Treasurer on County held investment fund balances and returns.

## Fees for Service

Willdan proposes a not-to-exceed fee of **\$12,500** for Fiscal Consulting Services related to Fiscal Consultant Report Services related to Tax Allocation Bond Refinance.

*The Bank of New York Mellon Trust Company, N.A. is a wholly owned subsidiary of The Bank of New York Mellon Corporation and is a nationally chartered trust company. The Bank of New York Trust Company, N.A. is regulated by the Comptroller of the Currency. Its principal office is in Los Angeles, California.*

*BNY Mellon's history of growth and outperformance spans more than 225 years. Founded in 1784, soon after the birth of U.S. as a country, the company's history is inextricably woven into the broader history of America's growth and the emergence of today's global economy.*

*Over the years BNY Mellon has radically expanded its sphere of operation and influence. Today the company is an integral part of the worldwide financial markets, helping clients around the globe manage and service their financial assets and succeed in the rapidly changing global marketplace. This is the story of the development of a global financial services growth company unmatched in its commitment to investment management and investment services – and to delivering world-class service and performance.*

*On July 1, 2007, The Bank of New York and Mellon merged, creating a global leader in investment management and investment services — a financial services growth company with a peerless array of capabilities and product and service offerings. In its first year as a new company, the firm delivered the top total shareholder return among all large U.S. financial institutions, establishing a high standard for financial performance.*

*BNY Mellon's Corporate Trust footprint in the United States expands over 28 cities in 29 locations. As of December 2015, there are 1,229 Corporate Trust employees. BNY Mellon anticipates using our Los Angeles office to service the trustee portion of the deal and the Jacksonville FL office to service the custody portion. Our local Los Angeles, CA office is approximately 70 miles from your District office. Please find below an Organizational Chart that demonstrates direct lines for those individuals that the District would be working with on an everyday basis.*

*Today BNY Mellon is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries and more than 100 markets. As of Sept. 30, 2015, BNY Mellon had \$28.6 trillion in assets under custody and/or administration, and \$1.7 trillion in assets under management. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on [www.bnymellon.com](http://www.bnymellon.com). Follow us on Twitter [@BNYMellon](https://twitter.com/BNYMellon) or visit our newsroom at [www.bnymellon.com/newsroom](http://www.bnymellon.com/newsroom) for the latest company news.*