

Successor Agency to the Turlock Redevelopment Agency Meeting Agenda



OCTOBER 11, 2016

6:00 p.m.

City of Turlock Yosemite Room

156 S. Broadway, Turlock, California

Chairman
Gary Soiseth

Agency Members
William DeHart, Jr. Steven Nascimento
Matthew Jacob Amy Bublak

Executive Director
Gary R. Hampton
Secretary
Kellie E. Weaver
Agency Attorney
Phaedra A. Norton

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Successor Agency to the Turlock Redevelopment Agency meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, please contact the City Clerk's Office at (209) 668-5540. The City is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the City to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Successor Agency to the Turlock Redevelopment Agency on any item appearing on the agenda, including Consent Calendar and Public Hearing items, before or during the Agency's consideration of the item.

AGENDA PACKETS: Prior to the Successor Agency to the Turlock Redevelopment Agency meeting, a complete Agenda Packet is available for review on the City's website at www.cityofturlock.org and in the City Clerk's Office at 156 S. Broadway, Suite 230, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Agency after distribution of the Agenda Packet are also available for public inspection in the City Clerk's Office. Such documents may be available on the City's website subject to staff's ability to post the documents before the meeting.

1. CALL TO ORDER

2. PUBLIC PARTICIPATION:

This is the time set aside for members of the public to directly address the Successor Agency to the Turlock Redevelopment Agency on any item of interest to the public, before or during the Agency's consideration of the item, that is within the subject matter jurisdiction of the Agency. You will be allowed five (5) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Agency addresses the matter.

No action or discussion may be undertaken on any item not appearing on the posted agenda, except that Agency may refer the matter to staff or request it be placed on a future agenda.

3. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS

4. CONSENT CALENDAR:

Information concerning the consent items listed hereinbelow has been forwarded to each Agency Member prior to this meeting for study. Unless the Chairman, an Agency Member or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Agency. The action taken by the Agency in approving the consent items is set forth in the explanation of the individual items.

- A. Motion: Accepting Minutes of Regular Meeting of the Successor Agency to the Turlock Redevelopment Agency of September 13, 2016
- B. Resolution: Approving revised engagement letters for (1) Richards, Watson & Gershon to act as bond counsel and disclosure counsel, and (2) Urban Futures Inc. to provide municipal advisory services as these services relate to the issuance of 2016 Refunding Bonds by the Successor Agency

5. PUBLIC HEARINGS: None

6. SCHEDULED MATTERS:

- A. Request to authorize the Execution and Delivery of a Bond Purchase Agreement, an Official Statement, an Escrow Agreement and Other Documents in Connection with Successor Agency's Issuance of Tax Allocation Refunding Bonds and Take Related Actions. (*Lorenzi*)

Recommended Action:

Resolution: Authorizing the Execution and Delivery of a Bond Purchase Agreement, an Official Statement, an Escrow Agreement and Other Documents in Connection with Successor Agency's Issuance of Tax Allocation Refunding Bonds and Taking Related Actions

7. ADJOURNMENT

SEPTEMBER 13, 2016
6:00 p.m.
City of Turlock Yosemite Room
156 S. Broadway, Turlock, California



DRAFT

MINUTES
Regular Meeting
Successor Agency to the
Turlock Redevelopment Agency

- 1. **CALL TO ORDER** – Mayor Gary Soiseth called the meeting to order at 7:27 p.m.
PRESENT: Agency Members Amy Bublak, Bill DeHart, Matthew Jacob, Steven Nascimento, and Chairman Gary Soiseth
ABSENT: None

2. **PUBLIC PARTICIPATION:** None

3. **DECLARATION OF CONFLICT OF INTEREST AND DISQUALIFICATIONS:** None

4. **CONSENT CALENDAR**

Action: Motion by Agency Member Bublak, seconded by Agency Member DeHart, to adopt the consent calendar. Motion carried 5/0, by the following vote:

Agency Member DeHart	Agency Member Nascimento	Agency Member Bublak	Agency Member Jacob	Chairman Soiseth
Yes	Yes	Yes	Yes	Yes

- A. Motion: Accepting Minutes of June 14, 2016 Meeting of the Successor Agency to the Turlock Redevelopment Agency
- B. Motion: Accepting the 2016 Local Agency Biennial Notice indicating no amendments are required to the Conflict of Interest Code for the Successor Agency to the Turlock Redevelopment Agency; confirming Resolution No. SA-RDA-2012-005 remains in effect; and directing staff to file the 2016 Local Agency Biennial Notice with the Turlock City Council as the Code Reviewing body for the Successor Agency to the Turlock Redevelopment Agency

5. **PUBLIC HEARINGS:** None

6. **SCHEDULED MATTERS:** None

7. **ADJOURNMENT**

Motion by Agency Member Bublak, seconded by Agency Member Jacob, to adjourn the meeting at 7:28 p.m.

RESPECTFULLY SUBMITTED

Jennifer Land
Deputy City Clerk



DRAFT

Successor Agency to the Turlock Redevelopment Agency Agenda Synopsis

October 11, 2016



4B

From: Kellie Jacobs-Hunter
Successor Agency Finance Director

Prepared by: Marie Lorenzi, Senior Accountant

Agendized by: Gary R. Hampton, Executive Director

1. ACTION RECOMMENDED:

Resolution: Approving revised engagement letters for (1) Richards, Watson & Gershon to act as bond counsel and disclosure counsel, and (2) Urban Futures Inc. to provide municipal advisory services as these services relate to the issuance of 2016 Refunding Bonds by the Successor Agency

2. DISCUSSION OF ISSUE:

By Resolution SA-RDA-2016-004, the Successor Agency Board previously authorized the engagement of Richards, Watson & Gershon (RWG) to act as bond counsel and disclosure counsel, and Urban Futures, Inc. (UFI) to act as financial advisor to the Successor Agency with respect to the Successor Agency's issuance of the 2016 Refunding Bonds. In early September 2016, Successor Agency Staff was made aware of potential legal flaws with certain language contained in the engagement letters the Successor Agency executed with RWG and UFI to provide these services.

In order to remedy the potential legal flaws in the previous engagement letters, neither firm will be billing the Successor Agency for services performed under the potentially flawed engagement letters. In addition, Staff asked each firm to submit revised engagement letters. RWG and UFI have submitted their revised engagement letters which are attached as Exhibits 1 and 2, respectively, to the Resolution currently before the Board for approval.

3. BASIS FOR RECOMMENDATION:

The Successor Agency's attorney has reviewed and approved the revised agreements.

OK for Agenda

pjm

4. FISCAL IMPACT / BUDGET AMENDMENT:

There is no impact to the approved 2016-17 budget for the Successor Agency as all costs associated with the issuance of bonds are paid out of the proceeds of the bonds.

5. EXECUTIVE DIRECTOR'S COMMENTS:

Recommend approval

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

A. The Successor Agency Board could decide not to approve the revised agreements. Staff does not recommend this alternative as the services of the identified professionals are necessary to the successful completion of the 2016 Bond Refunding.

**BEFORE THE SUCCESSOR AGENCY TO THE
TURLOCK REDEVELOPMENT AGENCY**

**IN THE MATTER OF APPROVING REVISED } RESOLUTION NO. SA-RDA-2016-____
ENGAGEMENT LETTERS FOR (1) RICHARDS, }
WATSON & GERSHON TO ACT AS BOND }
COUNSEL AND DISCLOSURE COUNSEL, }
AND (2) URBAN FUTURES INC. TO }
PROVIDE MUNICIPAL ADVISORY }
SERVICES AS THESE SERVICES RELATE }
TO THE ISSUANCE OF 2016 REFUNDING }
BONDS BY THE SUCCESSOR AGENCY }
_____ }**

WHEREAS, in Successor Agency Resolution SA-RDA-2016-004, the Successor Agency Board previously approved the engagement of Urban Futures to act as financial advisor to the Successor Agency and Richards, Watson & Gershon to act as bond and disclosure counsel with respect to the issuance of the 2016 Refunding Bonds; and

WHEREAS, Successor Agency Staff was recently made aware of potential legal flaws with certain language in the engagement letters previously executed for these services; and

WHEREAS, neither firm will be billing the Successor Agency for work performed under the potentially flawed engagement letters and both have submitted revised engagement letters for the Boards consideration; and

WHEREAS, Successor Agency Staff is now requesting Successor Agency Board approval of revised engagement letters attached as Exhibits 1 and 2 to this resolution.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Successor Agency to the Turlock Redevelopment Agency does hereby approve the following:

1. An engagement letter dated September 14, 2016 with Richards, Watson & Gershon to provide bond counsel and disclosure counsel services with respect to the Successor Agency's issuance of 2016 Refunding Bonds (Exhibit 1); and
2. An engagement letter dated September 15, 2016, including addendum dated October 3, 2016, with Urban Futures, Inc. to provide municipal advisory services with respect to the Successor Agency's issuance of 2016 Refunding Bonds (Exhibit 2); and
3. Authorizing the Successor Agency Executive Director to execute the engagement letters noted in items #1 and #2 above.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Successor Agency to the Turlock Redevelopment Agency this 11th day of October, 2016, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Kellie E. Weaver
Secretary
Successor Agency to the
Turlock Redevelopment Agency

RICHARD RICHARDS
(1916-1988)

GLENN R. WATSON
(1917-2010)

HARRY L. GERSON
(1922-2007)

STEVEN L. DORSEY
WILLIAM L. STRAUSS
MITCHELL E. ABBOTT
GREGORY W. STEPANICICH
QUINN M. BARROW
CAROL W. LYNCH
GREGORY M. KUNERT
THOMAS M. JIMBO
ROBERT C. CECCON
STEVEN H. KAUFMANN
KEVIN G. ENNIS
ROBIN D. HARRIS
MICHAEL ESTRADA
LAURENCE S. WIENER
B. TILDEN KIM
SASKIA T. ASAMURA
KAYSER O. SUME
PETER M. THORSON
JAMES L. MARKMAN
CRAIG A. STEELE
T. PETER PIERCE
TERENCE R. BOGA
LISA BOND

ROXANNE M. DIAZ
JIM G. GRAYSON
ROY A. CLARKE
MICHAEL F. YOSHIBA
REGINA N. DANNER
PAULA GUTIERREZ BAEZA
BRUCE W. GALLOWAY
DIANA K. CHUANG
PATRICK K. BOBKO
DAVID M. SNOW
LOLLY A. ENRIQUEZ
GINETTA L. GIOVINCO
TRISHA ORTIZ
CANDICE K. LEE
JENNIFER PETRUSIS
STEVEN L. FLOWER
TOUSSAINT S. BAILEY
AMY GREYSON
DEBORAH R. HAKMAN
D. CRAIG FOX
MARICELA E. MARROQUÍN
SERITA R. YOUNG
INDER KHALSA
WHITNEY G. MCDONALD
SEAN B. GIBBONS
STEPHANIE CAO
PATRICK D. SKAHAN
STEPHEN D. LEE
YOUSFINA N. AZIZ
BRENDAN KEARNS
KYLE H. BROCHARD
NICHOLAS R. GHIRELLI
ISRA SHAH
CHRISTINA L. BROWNING
ISAAC M. ROSEN
ROMTIN PARVARESH
ANDREW R. CONTREIRAS

OF COUNSEL
ROCHELLE BROWNE
TERESA HO-URANO
DIANA H. VARAT

SAN FRANCISCO OFFICE
TELEPHONE 415.421.8484

ORANGE COUNTY OFFICE
TELEPHONE 714.990.0901

TEMECULA OFFICE
TELEPHONE 951.695.2373

CENTRAL COAST OFFICE
TELEPHONE 805.439.3515

September 14, 2016

Marie Lorenzi
City of Turlock
156 S. Broadway
Suite 110
Turlock, California 95380

Re: **Successor Agency to the Turlock Redevelopment Agency – Proposed 2016 Refunding Bonds**

Dear Marie:

Richards, Watson & Gershon appreciates the opportunity to provide bond counsel and disclosure counsel services to the Successor Agency to the Turlock Redevelopment Agency in connection with its proposed 2016 refunding bonds. We understand that the proposed refunding relates to (i) the Turlock Public Financing Authority Revenue Bonds, Series 1999, (ii) the Turlock Public Financing Authority Tax Allocation Revenue Bond, Series 2006, and (iii) the Turlock Public Financing Authority Tax Allocation Revenue Bonds, Series 2011.

Our services as bond counsel will include the review of the relevant terms of the bonds to be refunded and the preparation of all legal documents necessary for the execution, sale and delivery of the refunding bonds. At your request, we will attend meetings at which the refunding bonds will be discussed or at which any action in connection with the proceedings is to be taken.

Subject to completion of the financing to our satisfaction, we will provide our approving legal opinion to the effect that all proceedings relating to the authorization, execution, sale, and delivery of the refunding bonds have been legally undertaken, and that interest paid with respect to the refunding bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income tax. We will also provide appropriate supplemental opinions as may be necessary or appropriate.

As disclosure counsel, our services will include the preparation of an official statement and a continuing disclosure certificate. We will also provide a letter at the closing addressed to the Successor Agency, which indicates that on the basis of the information which is made available to us, and without undertaking to determine

Marie Lorenzi
September 14, 2016
Page 2

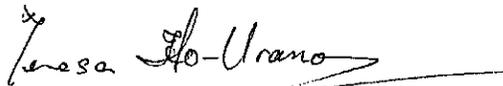
independently the accuracy, completeness or fairness of that information, nothing has come to our attention which causes us to believe that the official statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We will bill the Successor Agency for bond counsel and disclosure counsel services at the rate of \$395 per hour for any attorney working on this matter. The total aggregate fee will not exceed \$18,000.

In addition, we will charge the Successor Agency for our out-of-pocket expenses, such as duplication, printing costs, and travel expenses.

If you have any questions, please do not hesitate to contact me or Bill Strausz at any time.

Very truly yours,



Teresa Ho-Urano

cc: William L. Strausz, Esq.

TERMS OF PAYMENT OF FEES AND
EXPENSES OF BOND COUNSEL AND
DISCLOSURE COUNSEL APPROVED THIS
DAY OF _____, 2016.

Authorized Signatory

September 15, 2016

FROM: Urban Futures, Inc.
Douglas P. Anderson

TO: Marie Lorenzi, Senior Accountant
City of Turlock
156 S. Broadway
Turlock, CA 95380

RE: Engagement Letter for 2016 Tax Allocation Refunding Bonds

Dear Ms. Lorenzi,

This letter specifies the terms of the engagement between Urban Futures, Inc., located at 3111 N. Tustin, Suite 230, Orange CA 92865 and the Successor Agency to the former Turlock Redevelopment Agency, located at 156 S. Broadway, Turlock, CA 95380.

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

Scope of Municipal Advisory Activities to be Performed

As municipal advisor, Urban Futures, Inc. will successfully perform the following duties.

- Assist in finalizing the plan of finance and related transaction timetable;
- Advise on the method of sale, taking into account market conditions and near-term activity in the municipal market;
- Assist with any rating agency and bond insurer questions;
- Coordinate internal/external accountants and escrow agents, as appropriate;
- Assist with underwriter final compensation issues, syndicate structure and bond allocations;
- Assist with negotiated sales (as applicable), including advice regarding retail order periods and institutional marketing, analysis of comparable bonds and secondary market data, and verify cash flow calculations;
- Assist with competitive bond sales (as applicable), including posting of the notice of sale and preliminary official statement, and preparation of the bid verification, true interest

cost (TIC) calculations and reconciliations/verifications of bidding platform calculations, preparation of notice of sale, obtaining CUSIP numbers;

- Prepare and/or review final cash flows/refunding analysis;
- Analyze whether to use SLGS, open markets and/or agency securities for purposes of investment of bond proceeds;
- Manage the escrow bids or review SLGs applications for structuring advance refunding escrow;
- Assist in procuring printers, verification agents, etc.;
- Plan and coordinate bond closings;
- Prepare any required post-sale reports of bond sales; and
- Evaluate market conditions and pricing performance of senior manager and co-managers' distribution of bonds.

Independent Registered Municipal Advisor ("IRMA")

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

Term of Engagement Agreement

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

Termination of Engagement Agreement

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

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

Compensation and Out-of-Pocket Expenses

Compensation for the municipal advisory activities to be performed for this engagement is not contingent upon the successful sale of bonds.

For the subject transaction, fees for the following financial advisory services will apply:

- Preparation of Fiscal Consultant's Report, based on FY 2016-17 data: \$35,000
- Review of Official Statement and preparation of OS data tables: \$16,500
- Pricing Consultant Services: \$20,000
- Review of all closing documents: \$ 7,500
- SEC/MSRB Internal Compliance Review \$ 6,000

Additionally, out of pocket expenses will be billed at cost, not to exceed \$2,500.

Fiduciary Duty

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

Duty of Care:

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

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

Duty of Loyalty:

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

Conflicts of Interest and Other Matters Requiring Disclosures

- As of the date of the Agreement, there are no material conflicts of interest that Urban Futures, Inc. is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If Urban Futures, Inc. becomes aware of any potential conflict of interest that arises after this disclosure, Urban Futures, Inc. will disclose the detailed information in writing to the Successor Agency in a timely manner.
- The fee paid to Urban Futures, Inc. increases the cost of investment to the Successor Agency. The increased cost occurs from compensating Urban Futures, Inc. for municipal advisory services provided.
- Urban Futures, Inc. does not act as principal in any of the transaction(s) related to this Agreement.
- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to the Successor Agency.
- Urban Futures, Inc. does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by Urban Futures, Inc.;
- Urban Futures, Inc. has not made any payments directly or indirectly to obtain or retain the Successor Agency's municipal advisory business;
- Urban Futures, Inc. has not received any payments from third parties to enlist Urban Futures, Inc. recommendation to the Successor Agency of its services, any municipal securities transaction or any municipal finance product;
- Urban Futures, Inc. has not engaged in any fee-splitting arrangements involving Urban Futures, Inc. and any provider of investments or services to the Successor Agency;

- Urban Futures, Inc. does not have any other engagements or relationships that might impair Urban Futures, Inc. ability either to render unbiased and competent advice to or on behalf of the Successor Agency or to fulfill its fiduciary duty to the Successor Agency, as applicable; and
- Urban Futures, Inc. does not have any legal or disciplinary event that is material to the Successor Agency's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

Legal Events and Disciplinary History

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

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

Recommendations

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

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

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

Record Retention

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

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

Sincerely,

Douglas P. Anderson
Managing Principal
Urban Futures, Inc.

ACCEPTED:

Successor Agency to the former Turlock Redevelopment Agency

By: _____

Title: _____

Date: _____

October 3, 2016

FROM: Urban Futures, Inc.
Douglas P. Anderson

TO: Marie Lorenzi, Senior Accountant
City of Turlock
156 S. Broadway
Turlock, CA 95380

RE: Addendum to Engagement Letter dated September 15, 2016
For 2016 Tax Allocation Refunding Bonds

Dear Ms. Lorenzi,

This memorandum shall serve as an Addendum to the Engagement Letter dated September 15, 2016 presented by Urban Futures, Inc. ("UFI") to the Successor Agency to the former Turlock Redevelopment Agency (the "Agency").

On April 28, 2016 UFI presented its original proposal to provide Municipal Advisor Services to the Agency for the Agency's 2016 Tax Allocation Refunding Bonds (the "2016 Bonds"). At the time that proposal was presented, an example financing schedule was included which would have resulted in a bond closing for the 2016 Bonds by the end of July, 2016, which is prior to the date (August 10, 2016) that the FY 2016-17 tax roll is equalized. All data tables and current information that would have been included in the Fiscal Consultant's Report (to be prepared by UFI) as well as related, and additional, tables to be included in the Preliminary Official Statement, would have been based on FY 2015-16 tax roll data. These tables include tax increment (Redevelopment Property Tax Trust Fund) projections, historical assessed valuations, top taxpayers, land uses, and assessment appeals.

However, due to delays in the financing schedule, the Agency has yet to approve the Preliminary Official Statement. As a result, all data tables and current information to be included in the Fiscal Consultant's Report will now need to be based on the FY 2016-17 tax roll data.

Our revised Engagement Letter (dated September 15, 2016) includes a listing of services to be provided by UFI. The listing includes the preparation of a new Fiscal Consultant's Report, with data tables and current information to be based on FY 2016-17 tax roll data. Other activities and services that are listed in that revised Engagement Letter represent future activities to be

provided to the Agency, upon acceptance of the revised Engagement Letter. The charges listed for activities and services represented in our September 15, 2016 Engagement Letter do not include any charges for services provided under our previous engagement letter. Under penalty of perjury UFI will not be charging the Agency for any services provided under the previous engagement letter.

We appreciate the opportunity to provide services to the Agency, and look forward to working with Agency staff and the Finance Team on the 2016 Bonds.

Successor Agency to the Turlock Redevelopment Agency Agenda Synopsis



October 11, 2016

From: Kellie Jacobs-Hunter
Administrative Services Director/Successor Agency Finance Director

Prepared by: Marie Lorenzi, Senior Accountant

Agendized by: Gary R. Hampton, Executive Director

1. ACTION RECOMMENDED:

Resolution: Authorizing the Execution and Delivery of a Bond Purchase Agreement, an Official Statement, an Escrow Agreement and Other Documents in Connection with Successor Agency's Issuance of Tax Allocation Refunding Bonds and Taking Related Actions

2. DISCUSSION OF ISSUE:

At its meeting on June 14, 2016, the Successor Agency Board approved the issuance of bonds (the "2016 Bonds") to refund the outstanding bond debt incurred by the Former Agency in 1999, 2006 and 2011 (the "Prior Bonds"). The *Refunding Savings Report*, prepared by the Successor Agency's Financial Advisor, Urban Futures, Inc., showed that, based on bond market conditions as of June 2, 2016, the estimated total debt service savings from the refunding is approximately \$14 million, with a net present value of approximately \$7 million.

The law provides that the 2016 Bonds may only be issued after the Oversight Board and the State Department of Finance (the "DOF") have also approved the issuance of the 2016 Bonds. The Oversight Board adopted Resolution No. OB-2016-003, on June 15, 2016, approving the issuance of the 2016 Bonds. The DOF issued its approval letter on July 28, 2016.

With the Oversight Board's and the DOF's approval of the refunding, Staff is now bringing forth to the Successor Agency Board, for approval in substantial final form, documents necessary to complete the refunding transaction:

- Bond Purchase Agreement – Pursuant to the Bond Purchase Agreement, the Underwriter (Stifel, Nicolaus & Company, Incorporated) will agree to buy the 2016 Bonds at specified prices and interest rates, subject to the receipt of certain opinions, certificates and other conditions. The Bond Purchase Agreement will be presented to the authorized officers of the Successor Agency for approval and execution as soon as the Underwriter has completed the offering to the investors and the pricing of the 2016 Bonds. The attached Resolution specifies that the Bond Purchase Agreement will only be executed if the true interest cost of the 2016 Bonds does not exceed five (5%) percent and the underwriter's discount does not exceed one (1%) percent of the principal amount of the 2016 Bonds.

OK for Agenda

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- Escrow Agreement – The Escrow Agreement will provide for the establishment of defeasance escrow funds. The redemption of the 1999 Prior Bonds and the 2006 Prior Bonds (and final payment to the related bondholders) will occur about 30 days after the issuance of the 2016 Bonds. The final payment for the 2011 Prior Bonds will occur on September 1, 2021, which is the first optional redemption date pursuant to the terms of the 2011 Prior Bonds. Pending such final payments, proceeds of the 2016 Bonds to be used for the payment of the respective Prior Bonds will be maintained by U.S. Bank National Association, as trustee and escrow agent, in the escrow funds pursuant to the Escrow Agreement.
- Preliminary Official Statement/Official Statement – A Preliminary Official Statement has been prepared to provide material information to investors regarding the terms and the security of the 2016 Bonds. The Preliminary Official Statement contains descriptions of the legal and financial aspects of the 2016 Bonds, as well as a summary of various related legal documents. Certain information which will be determined upon the pricing of the 2016 Bonds (such as the final principal amount, the interest rates and the redemption dates) are either omitted or noted as “preliminary, subject to change” in the Preliminary Official Statement. The Underwriter will use the Preliminary Official Statement to market the 2016 Bonds to the potential investors. Once the 2016 Bonds have been priced, the final pricing information will be inserted into the Preliminary Official Statement, thereby converting it to the Official Statement. The Underwriter will then distribute the Official Statement to the individuals and institutions that placed orders to buy the 2016 Bonds from the Underwriter.
- Continuing Disclosure Certificate – Under the Continuing Disclosure Certificate, the Successor Agency will agree to provide an annual report containing certain information relevant to the security of the 2016 Bonds, to be filed on EMMA (the internet-based information repository maintained by the Municipal Securities Rule Making Board for municipal bonds issued in the United States), to make such information available to the investors. The Successor Agency will also agree to disclose and make filings upon the occurrence of enumerated events (such as a default on the 2016 Bonds)

3. BASIS FOR RECOMMENDATION:

Staff is recommending approval of the attached Resolution by the Successor Agency Board, so Staff can proceed with the completion of the refunding transaction. As noted when the concept was first presented to the Successor Agency Board in April, the interest rate environment is favorable for a refunding and Staff currently projects average annual savings of over \$300,000.

4. FISCAL IMPACT / BUDGET AMENDMENT:

The projected savings realized by the Successor Agency will be in the form of lower debt service payments. The City's General Fund may realize additional revenue in 2 to 3 years when the dollar amount of the Successor Agency's annual total ROPS obligations will be lower than available revenue. While the actual savings will not be known until the process nears completion and the interest rates are known after pricing, Staff anticipates in excess

of \$300,000 in average annual savings from the refunding based on current market conditions.

5. EXECUTIVE DIRECTOR'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

None

made a pledge of property tax increment revenues to the repayment of the 2006 Loan; and

- (C) the Loan Agreement, dated as of February 1, 2011, by and among the Former Agency, the Authority and U.S. Bank National Association, as trustee, pursuant to which the Former Agency incurred a loan (the "2011 Loan") and made a pledge of property tax increment revenues to the repayment of the 2011 Loan;

WHEREAS, to provide funding for the 1999 Loan, the 2006 Loan and the 2011 Loan (collectively, the "Agency Loans"), the Authority issued three series of bonds, in 1999, 2006 and 2011 (collectively, the "Authority Bonds"); and

WHEREAS, as of the date of this Resolution, a portion of the principal amount of each of the 1999 Loan, the 2006 Loan and the 2011 Loan remains outstanding; and

WHEREAS, pursuant to AB X1 26 (enacted in June 2011), and the State Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency of the Turlock Redevelopment Agency (the "Successor Agency") was constituted, and the Oversight Board to the Successor Agency (the "Oversight Board") was established; and

WHEREAS, pursuant to HSC Section 34177.5(a), the Successor Agency is authorized to issue bonds (the "Refunding Bonds") to refund the Agency Loans, 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 Agency Loans, plus the remaining principal of the Agency Loans to be refunded; and
- (B) the principal amount of the Refunding Bonds shall not exceed the amount required to defease the refunded Agency Loans, to establish customary debt service reserves and pay related costs of issuance; and

WHEREAS, the Successor Agency desires to issue Refunding Bonds to refund the outstanding Agency Loans to achieve debt service savings; and

WHEREAS, the Refunding Bonds will be issued under the authority of HSC Section 34177.5 and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"); and

WHEREAS, the Board of Directors previously adopted Resolution No. SA-RDA-2016-004, on June 14, 2016 (the "SA Bond Approval Resolution") approving the issuance of the Refunding Bonds pursuant to (i) HSC Section 34177.5, (ii) the Refunding Bond Law and (iii) an Indenture (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee, in substantially the form attached to the SA Bond Approval Resolution; and

WHEREAS, the Refunding Bonds will be secured by, a pledge of property tax revenues as provided in the Indenture; and

WHEREAS, proceeds from the sale of the Refunding Bonds will be used to: (i) effect the defeasance and discharge of the Agency Loans (through the establishment of refunding escrows), (ii) make a deposit into a debt service reserve fund, if such deposit is required pursuant to the terms of the Indenture, and (iii) pay costs of issuance of the Refunding Bonds; and

WHEREAS, pursuant to HSC Sections 34177.5(f) and 34180, the issuance of the Refunding Bonds is subject to the Oversight Board's prior approval; and

WHEREAS, the Oversight Board adopted Resolution No. OB-2016-003, on June 15, 2016 (the "Oversight Board Resolution"), approving the issuance of the Refunding Bonds; and

WHEREAS, the State Department of Finance (the "DOF") issued its letter dated July 28, 2016, affirming the DOF's approval of the Oversight Board Resolution; and

NOW, THEREFORE, the Board of Directors of the Successor Agency to the Turlock Redevelopment Agency hereby finds, determines, resolves, and orders as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Board of Directors hereby confirms its approval of the issuance of the Refunding Bonds in an aggregate principal amount not to exceed \$41,000,000 and a final maturity date not later than September 1, 2039, pursuant to the SA Bond Approval Resolution.

Section 3. The sale of the Refunding Bonds pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), by and between the Successor Agency and Stifel, Nicolaus & Company, Incorporated (the "Underwriter") is hereby approved; provided, that such sale shall be subject to the following parameters: (i) the terms of the Refunding Bonds shall be in compliance with the savings parameters set forth in clauses (A) and (B) of the ninth recital of this Resolution above, (ii) the true interest cost of the Refunding Bonds shall not exceed five percent, (iii) the Underwriter's compensation (i.e.,

underwriter's discount), exclusive of any original issue discount, shall not exceed one percent of the aggregate principal amount of the Refunding Bonds. The Bond Purchase Agreement, in the form on file with the Secretary of the Successor Agency (*ex officio* the City Clerk of the City), is hereby approved. Subject to the parameters set forth above, each of the Chair of this Board, the Vice Chair of this Board and the Executive Director of the Successor Agency (the "Authorized Officers," each an "Authorized Officer"), acting individually, is authorized, for and in the name and on behalf of the Successor Agency, to execute and deliver the Bond Purchase Agreement, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 4. The Escrow Agreement (the "Escrow Agreement") relating to the refunding and defeasance of the Agency Loans and the Authority Bonds, substantially in the form on file in the office of the Secretary of the Successor Agency, is hereby approved. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement, in substantially such form, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 5. The Preliminary Official Statement (the "Preliminary Official Statement") relating to the Refunding Bonds, substantially in the form on file in the office of the Secretary of the Successor Agency, is hereby approved. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended (the "Rule"). The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Refunding Bonds.

Section 6. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to cause the Preliminary Official Statement to be brought into the form of a final Official Statement and to execute the final Official Statement and such additional documents prior to or concurrently with the signing of the final Official Statement as such Authorized Officer may deem necessary or appropriate to verify the accuracy thereof. The distribution and use of the Official Statement by the Underwriter in connection with the sale of the Refunding Bonds are hereby approved.

Section 7. The Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") with respect to the Refunding Bonds, substantially in the form on file in the office of the Secretary of the Successor Agency, is hereby approved. Each Authorized Officer, acting individually, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Continuing Disclosure Certificate in substantially such form, with changes therein as the Authorized Officer

executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof). The appointment of U.S. Bank National Association as the Dissemination Agent under the Continuing Disclosure Certificate is hereby approved.

Section 8. Reference is hereby made to Resolution No. 2015-105, adopted by the City Council of the City on May 26, 2015, adopting the Debt Obligation Disclosure Policy and Procedures (the "Continuing Disclosure Policy") for the City and related entities. It is hereby affirmed that the Successor Agency adopts such Continuing Disclosure Policy. With respect to the Successor Agency's continuing disclosure undertakings, each reference in the Continuing Disclosure Policy to the City shall be read as the "Successor Agency."

Section 9. The members of this Board, the Authorized Officers, the Finance Director (*ex-officio* Administrative Services Director of the City) and the Senior Accountant of the Successor Agency (*ex-officio* Senior Accountant of the City) and all other officers of the Successor Agency, are hereby authorized, jointly and severally, to execute and deliver any and all necessary documents and instruments and to do all things (including, but not limited to, obtaining bond insurance or other types of credit enhancement, engagement of a verification agent for any defeasance escrow) which they may deem necessary or proper to effectuate the purposes of this Resolution and each document approved hereby and any such actions previously taken by such officers are hereby ratified and confirmed.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Successor Agency to the Turlock Redevelopment Agency this 11th day of October, 2016, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Kellie E. Weaver
Secretary
Successor Agency to the
Turlock Redevelopment Agency

\$ _____
**SUCCESSOR AGENCY TO THE
TURLOCK REDEVELOPMENT AGENCY
Tax Allocation Refunding Bonds, Series 2016**

BOND PURCHASE AGREEMENT

_____, 2016

Successor Agency to the Turlock Redevelopment Agency
156 South Broadway, Suite 230
Turlock, CA 95380

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), offers to enter into this Bond Purchase Agreement (the "**Bond Purchase Agreement**") with the Successor Agency to the Turlock Redevelopment Agency (the "**Successor Agency**"), which will be binding upon the Successor Agency and the Underwriter upon the acceptance hereof by the Successor Agency. This offer is made subject to its acceptance by the Successor Agency by execution of this Bond Purchase Agreement and its delivery to the Underwriter on or before 5:00 P.M., California time, on the date hereof.

The Successor Agency acknowledges and agrees that: (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Successor Agency and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as "municipal advisor" (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and has not assumed a fiduciary responsibility in favor of the Successor Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the Successor Agency on other matters); (iii) the only obligations the Underwriter has to the Successor Agency with respect to the transaction contemplated hereby are expressly set forth in this Bond Purchase Agreement; (iv) the Successor Agency has consulted its own legal, financial and other advisors to the extent it has deemed appropriate; (v) the Underwriter has financial interests that may differ from and be adverse to those of the Successor Agency; and (vi) the Underwriter has provided the Successor Agency with certain disclosures required under the rules of the Municipal Securities Rulemaking Board (the "**MSRB**").

The Successor Agency hereby acknowledges receipt from the Underwriter of disclosures required by the MSRB Rule G-17, relating to disclosures concerning the Underwriter's role in the transaction, disclosures concerning the Underwriter's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

Terms not otherwise defined herein shall have the same meanings as set forth in the Indenture, described below.

1. *Purchase and Sale; Use of Proceeds.* Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Underwriter and the Underwriter hereby agrees to purchase from the Successor Agency for offering to the public, all (but not less than all) of the \$_____ Successor Agency to the Turlock Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016 (the "**Bonds**"), at the purchase price of \$_____ (the "**Purchase Price**") (being the principal amount of the Bonds of \$_____, less an Underwriter's discount of \$_____, and [plus/less] a net [premium/discount] of \$_____)

[As an accommodation to the Successor Agency, the Underwriter will pay, to _____ (the "**Municipal Bond Insurer**"), from the purchase price of the Bonds, (a) the premium for its municipal bond insurance policy (the "**Insurance Policy**") issued for the Bonds maturing on September 1, 20__ through and including September 1, 20__ (the "**Insured Bonds**"), and (b) the premium for its reserve fund municipal bond insurance policy issued for the Bonds (the "**Reserve Policy**").]

The Purchase Price and the amounts described in the preceding paragraph are to be paid on the Closing Date (as defined in Section 6 below). The Bonds shall be dated the Closing Date, and shall bear interest at the rates, shall mature on the dates and in the principal amounts and shall be subject to redemption, all as set forth in the attached Exhibit A.

The Bonds are being issued for the purpose of providing funds to the Successor Agency to refund and prepay the outstanding loans incurred by the Turlock Redevelopment Agency (the "**Former Agency**") listed below (the "**Refunded Loans**"), which loans are payable from tax increment revenue generated in the Turlock Redevelopment Project (the "**Project Area**"):

- (i) the Loan Agreement, dated as of March 1, 1999, by and among the Former Agency, the Turlock Public Financing Authority (the "**Authority**") and State Street Bank and Trust Company of California, N.A. (as succeeded by U.S. Bank National Association), as trustee, pursuant to which the Former Agency incurred a loan (the "**1999 Loan**"); and
- (ii) the Loan Agreement, dated as of August 1, 2006, by and among the Former Agency, the Authority and U.S. Bank National Association, as trustee, pursuant to which the Former Agency incurred a loan (the "**2006 Loan**"); and
- (iii) the Loan Agreement, dated as of February 1, 2011, by and among the Former Agency, the Authority and U.S. Bank National Association, as trustee, pursuant to which the Former Agency incurred a loan (the "**2011 Loan**").

Concurrently and correspondingly with the redemption and prepayment of the Refunded Loans, bonds of the Authority previously issued in order to provide funding for the Refunded Loans (the "**Refunded Bonds**") will be defeased:

- (i) the Authority's Revenue Bonds, Series 1999 (the "**1999 Bonds**"), in the original principal amount of \$4,970,000; and

(ii) the Authority's Tax Allocation Revenue Bonds, Series 2006 (the "**2006 Bonds**"), in the original principal amount of \$24,440,0000; and

(iii) the Authority's Tax Allocation Revenue Bonds, Series 2011 (the "**2011 Bonds**"), in the original principal amount of \$15,300,000.

The Bonds are also being issued to [fund the Reserve Policy and] pay the costs of issuing the Bonds.

The Bonds are special, limited obligations of the Successor Agency, payable from, and secured by a first and exclusive lien on Tax Revenues, as such term is defined in that certain Indenture, dated as of _____, 2016 (the "**Indenture**"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "**Trustee**").

[The payment of principal of and interest on the Insured Bonds, when due, will be insured by the Municipal Bond Insurance Policy issued by the Municipal Bond Insurer concurrently with the delivery of the Bonds.]

The refunding of the 1999 Bonds and 2011 Bonds (and corresponding prepayment of the 1999 Loan and the 2011 Loan), as described above will be accomplished pursuant to an escrow agreement (the "**Escrow Agreement**") by and among the Authority, the Successor Agency and U.S. Bank National Association, as trustee for the 1999 Bonds and the 2011 Bonds, and acting as escrow bank (the "**Escrow Bank**"). The refunding of the 2006 Bonds (and corresponding prepayment of the 2006 Loan), as described above will be accomplished pursuant to Refunding Notice and Instructions (the "**Refunding Instructions**") from the Authority and the Successor Agency to U.S. Bank National Association, as trustee for the 2006 Bonds (the "**2006 Trustee**").

Issuance of the Bonds was authorized by Resolution No. SA-RDA-2016-004 of the governing board of the Successor Agency, adopted on June 14, 2016 (the "**Successor Agency Resolution**"), Resolution No. OB-2016-003 of the Oversight Board to the Successor Agency to the Turlock Redevelopment Agency (the "**Oversight Board**"), adopted on June 15, 2016 (the "**Oversight Board Resolution**"), and Resolution No. ____ of the Authority, adopted on _____, 2016 (the "**Authority Resolution**"). The Successor Agency's execution and delivery of this Bond Purchase Agreement is further authorized by Resolution No. _____, adopted by the governing board of the Successor Agency on _____, 2016 (together with the Successor Agency Resolution, the "**Successor Agency Resolutions**").

In Resolution No. OB-2016-004, the Oversight Board approved, among other things, the use of moneys received from the Redevelopment Property Tax Trust Fund disbursements that would have been used to pay debt service on the Refunded Bonds during fiscal year 2016-17 for the payment of debt service on the Bonds (the "**Alternate Funds Resolution**").

2. *Bona Fide Public Offering.* The Underwriter agrees to make a bona fide public offering of all of the Bonds, at prices not in excess of the initial public offering yields or prices set forth on the cover page of the Official Statement.

3. *Official Statement.* The Successor Agency shall deliver or cause to be delivered to the Underwriter promptly after acceptance of this Bond Purchase Agreement copies of the Official Statement relating to the Bonds, dated the date hereof (which, together with all exhibits and appendices included therein or attached thereto and with such amendments or supplements thereto which shall be approved by the Underwriter, the "**Official Statement**"). The Successor Agency authorizes the Official Statement, including the cover page and appendices thereto and the information contained therein, to be used in connection with the sale of the Bonds and ratifies,

confirms and approves the use and distribution by the Underwriter for such purpose, prior to the date hereof, of the Preliminary Official Statement dated _____, 2016 (the "**Preliminary Official Statement**"). The Successor Agency deems such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), except for omitted information permitted to be omitted by Rule 15c2-12[, and except information relating to the Municipal Bond Insurer and the Insurance Policy]. The Successor Agency also agrees to deliver to the Underwriter, at the Successor Agency's sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12, with MSRB Rule G-32, and with all other applicable rules of the MSRB. The Successor Agency agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof, which shall contain all information previously permitted to be omitted by Rule 15c2-12. The Underwriter agrees to give written notice to the Successor Agency of the date after which the Underwriter shall no longer be obligated to deliver Official Statements pursuant to paragraph (b)(4) of Rule 15c2-12 which shall be no later than 25 days after the End of the Underwriting Period (as such term is defined in 4(r) below).

The Underwriter agrees to promptly file a copy of the final Official Statement, including any supplements prepared by the Successor Agency, in compliance with MSRB Rule G-32, and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers thereof.

4. Representations, Warranties and Agreements of the Successor Agency. The Successor Agency represents and warrants to the Underwriter that, as of the Closing Date:

(a) The Successor Agency is a public entity existing under the laws of the State of California (the "**State**"), and is authorized, among other things, (i) to issue the Bonds, and (ii) to secure the Bonds in the manner contemplated by the Indenture.

(b) The Successor Agency is the successor entity to the Former Agency pursuant to the Dissolution Act.

(c) The Successor Agency has the full right, power and authority (i) to enter into the Indenture, the Escrow Agreement, the Refunding Instructions, the Disclosure Certificate (as defined hereinafter), and this Bond Purchase Agreement, (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents, and the Successor Agency has complied with all provisions of applicable law in all matters relating to such transactions.

(d) The Successor Agency has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance by the Successor Agency of the Escrow Agreement, the Refunding Instructions, the Disclosure Certificate, this Bond Purchase Agreement and the Indenture, (ii) the distribution and use of the "deemed final" Preliminary Official Statement and the execution, delivery and distribution of the final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the Successor Agency to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the Successor Agency in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(e) The information contained in the Preliminary Official Statement (excluding therefrom for any information relating to [the Municipal Bond Insurer, the Municipal Bond Insurance Policy, the Reserve Fund Municipal Bond Insurance Policy,] DTC and its book-entry system included therein, the information therein under the caption "CONCLUDING INFORMATION - Underwriting" and any information therein provided by the Underwriter) was, as of its date, true and correct in all material respects, and the Preliminary Official Statement did not on the date thereof contain any untrue or misleading statement of a material fact relating to the Successor Agency or the City or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The information contained in the Official Statement (excluding therefrom for any information relating to [the Municipal Bond Insurer, the Municipal Bond Insurance Policy, the Reserve Fund Municipal Bond Insurance Policy,] DTC and its book-entry system included therein, the information therein under the caption "CONCLUDING INFORMATION - Underwriting" and any information therein provided by the Underwriter) is true and correct in all material respects, and the Official Statement does not contain any untrue or misleading statement of a material fact relating to the Successor Agency or the City or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) Neither the execution and delivery by the Successor Agency of the Indenture, the Escrow Agreement, the Refunding Instructions, the Disclosure Certificate, this Bond Purchase Agreement and of the Bonds nor the consummation of the transactions on the part of the Successor Agency contemplated herein or therein or the compliance with the provisions hereof or thereof will in any material respect conflict with, or constitute on the part of the Successor Agency a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, note or other agreement or instrument to which the Successor Agency is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Successor Agency (or the members of the Successor Agency or any of its officers in their respective capacities as such) is subject.

(h) The Successor Agency has never been in default at any time, as to principal of or interest on any obligation which it has issued except as otherwise specifically disclosed in the Official Statement; and the Successor Agency has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Tax Revenues pledged to the payment of the Bonds except as is specifically disclosed in the Official Statement.

(i) Except as will be specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the Successor Agency or, to the best knowledge of the Successor Agency, threatened, which in any way questions the powers of the Successor Agency referred to in paragraph (b) above, or the validity of any proceeding taken by the Successor Agency in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Escrow Agreement, the Refunding Instructions, the Disclosure Certificate, this Bond Purchase Agreement or the Indenture, or which, in any way, could adversely affect the validity or enforceability of the Indenture, the Bonds, the Escrow Agreement, the Refunding Instructions, the Disclosure Certificate, or this Bond Purchase Agreement or, to the knowledge of the Successor Agency, which in any way questions the exclusion from gross income of the recipients thereof the interest on the

Bonds for federal income tax purposes or in any other way questions the status of the Bonds under federal or state tax laws or regulations or which in any way could materially adversely affect the availability of Tax Revenues.

(j) Any certificate signed by any official of the Successor Agency and delivered to the Underwriter in connection with the offer or sale of the Bonds shall be deemed a representation and warranty by the Successor Agency to the Underwriter as to the truth of the statements therein contained.

(k) The Successor Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(l) The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds, provided; however, that the Successor Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(m) All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Successor Agency of, its obligations in connection with the Indenture have been duly obtained or made and are in full force and effect.

(n) Between the date of this Bond Purchase Agreement and the Closing Date, the Successor Agency will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

(o) The Successor Agency will apply the proceeds of the Bonds in accordance with the Indenture.

(p) Except as otherwise described in the Official Statement, as of the Closing Date, the Successor Agency will not have outstanding any indebtedness secured by a lien on the Tax Revenues of the Successor Agency on a parity with or senior to the lien provided for in the Indenture on the Tax Revenues.

(q) Except as described in the Official Statement, neither the Former Agency nor the Successor Agency has failed, within the last five years, to comply in all material respects with any undertaking of the Successor Agency pursuant to Rule 15c2-12.

(r) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated

therein or necessary to make such information herein, in the light of the circumstances under which it was presented, not misleading, the Successor Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Successor Agency, or respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor Agency will cooperate with the Underwriter in the preparation by the Successor Agency of an amendment or supplement to the Official Statement, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Successor Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request. As used in this Bond Purchase Agreement, the term "End of the Underwriting Period" means the later of such time as: (i) the Successor Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives written notice to the contrary, the "End of the Underwriting Period" shall be the Closing Date.

(s) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (r) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading.

(t) The Oversight Board has duly adopted each of the Oversight Board Resolution approving the issuance of the Bonds and the Alternate Funds Resolution, and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions described in the Preliminary Official Statement.

(u) The Department of Finance of the State (the "**Department of Finance**") has issued a letter, dated July 28, 2016, approving the issuance of the Bonds. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement. The Successor Agency has received its Finding of Completion from the Department of Finance. Except as disclosed in the Official Statement, the Successor Agency is not aware of the Department of Finance directing or having any basis to direct the Auditor-Controller of Stanislaus County (the "**County**") to reduce the disbursement of Tax Revenues to the Successor Agency in any manner that would adversely affect the Bonds pursuant to Section 34183 of the Dissolution Act.

(v) As of the time of acceptance hereof and as of the date of the Closing, except as described in the Preliminary Official Statement, the Successor Agency has complied with the filing requirements of the Law, including, without limitation, the filing of all Recognized Obligation Payment Schedules, as required by the Law.

(w) The Successor Agency Resolution was duly adopted at a meeting of the governing body of the Successor Agency, which was called and held pursuant to the law and with all public notice required by law and at which a quorum was present and acting throughout and the Successor Agency Resolution is in full force and effect and has not been modified, amended or rescinded;

5. *Covenants of the Successor Agency.* The Successor Agency covenants with the Underwriter as of the Closing Date as follows:

(a) The Successor Agency covenants and agrees that it will execute a continuing disclosure certificate, constituting an undertaking to provide ongoing disclosure about the Successor Agency, for the benefit of the owners of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12, substantially in the form attached to the Preliminary Official Statement (the “**Disclosure Certificate**”).

(b) The Successor Agency agrees to cooperate with the Underwriter in the preparation of any supplement or amendment to the Official Statement deemed necessary by the Underwriter to comply with the Rule and any applicable rule of the MSRB.

(c) If at any time prior to the Closing Date, any event occurs with respect to the Successor Agency as a result of which the Official Statement, as then amended or supplemented, might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Successor Agency shall promptly notify the Underwriter in writing of such event. Any information supplied by the Successor Agency for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact relating to the Successor Agency or omit to state any such fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Successor Agency will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of any Tax-Exempt Bonds (as defined in the Indenture) to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Tax-Exempt Bonds to be includable in gross income for federal income tax purposes.

6. *Closing.* On _____, 2016, or at such other date and times as shall have been mutually agreed upon by the Successor Agency and the Underwriter (the “**Closing Date**”), the Successor Agency will deliver or cause to be delivered the Bonds to the Underwriter, and the Successor Agency shall deliver or cause to be delivered to the Underwriter the certificates, opinions and documents hereinafter mentioned, each of which shall be dated as of the Closing Date. The activities relating to the execution and delivery of the Bonds, opinions and other instruments as described in Section 7 of this Bond Purchase Agreement shall occur on the Closing Date. The delivery of the certificates, opinions and documents as described herein shall be made at the offices Richards, Watson & Gershon, A Professional Corporation, in Los Angeles, California (“**Bond Counsel**”), or at such other place as shall have been mutually agreed upon by the Successor Agency and the Underwriter. Such delivery is herein called the “**Closing**.”

The Bonds will be prepared and physically delivered to the Trustee on the Closing Date in the form of a separate single fully registered bond for each of the maturities of the Bonds. The Bonds shall be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“**DTC**”), New York, New York. The Bonds will be authenticated by the Trustee in accordance with the terms and provisions of the Indenture and shall be delivered to DTC prior to the Closing Date as required by DTC to assure delivery of the Bonds on the Closing Date. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Bond Purchase Agreement.

At or before 8:00 a.m., Daylight Savings time, on the Closing Date, the Successor Agency will deliver, or cause to be delivered, the Bonds to DTC, in definitive form duly executed and authenticated by the Trustee, and the Underwriter will pay the Purchase Price of the Bonds by delivering to the Trustee, for the account of the Successor Agency a wire transfer in federal funds of the Purchase Price payable to the order of the Trustee [or, if directed to do so by the Successor Agency, to the order of the Municipal Bond Insurer in the amount of the premium for the Insurance Policy and the Reserve Policy].

7. *Closing Conditions.* The obligations of the Underwriter hereunder shall be subject to the performance by the Successor Agency of its obligations hereunder at or prior to the Closing Date and are also subject to the following conditions:

(a) the representations, warranties and covenants of the Successor Agency contained herein shall be true and correct in all material respects as of the Closing Date;

(b) as of the Closing Date, there shall have been no material adverse change in the financial condition of the Successor Agency that is not disclosed in the Preliminary Official Statement or the Official Statement;

(c) as of the Closing Date, all official action of the Successor Agency relating to this Bond Purchase Agreement, the Disclosure Certificate and the Indenture shall be in full force and effect;

(d) as of the Closing Date, the Underwriter shall receive the following certificates, opinions and documents, in each case satisfactory in form and substance to the Underwriter:

(i) a copy of the Indenture, as duly executed and delivered by the Successor Agency and the Trustee;

(ii) a copy of the Disclosure Certificate, as duly executed and delivered by the Successor Agency;

(iii) copies of (a) the Escrow Agreement, duly executed and delivered by the Authority, the Successor Agency and U.S. Bank National Association and (b) the Refunding Instructions, duly executed and delivered by the Authority and the Successor Agency and accepted by U.S. Bank National Association;

(iv) an opinion of Bond Counsel for the Bonds, dated the Closing Date substantially in the form attached as Appendix E to the Official Statement, and a letter from Bond Counsel to the effect that the Underwriter may rely on such opinion;

(v) a certificate, dated the Closing Date, of the Successor Agency executed by the Executive Director (or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution of the Successor Agency) to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Successor Agency or, to the knowledge of the Successor Agency, threatened against or affecting the Successor Agency to restrain or enjoin the Successor Agency's participation in, or in any way contesting the existence of the Successor Agency or the powers of the Successor Agency with respect to, the transactions

contemplated by the Escrow Agreement, the Refunding Instructions, this Bond Purchase Agreement or the Indenture, and consummation of such transactions; (B) the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement are true and correct in all material respects, and the Successor Agency has complied with all agreements and covenants and satisfied all conditions to be satisfied at or prior to the Closing Date as contemplated by the Indenture and this Bond Purchase Agreement; (C) no event affecting the Successor Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (D) no further consent is required to be obtained for the inclusion of the financial statements of the City for the Fiscal Year Ending June 30, 2015 as Appendix C to the Official Statement.

(vi) an opinion of the City Attorney of the City of Turlock, as general counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Underwriter to the effect that:

(A) the Successor Agency is a public body, organized and existing under the laws of the State;

(B) the Successor Agency has assumed in accordance with all applicable laws, including, but not limited to the Dissolution Act, the community redevelopment powers of the Former Agency with respect to the Project Area;

(C) the Successor Agency Resolution approving and authorizing the execution and delivery of the Bonds, the Indenture, the Escrow Agreement, the Refunding Instructions, the Disclosure Certificate, this Bond Purchase Agreement and the Official Statement have been duly adopted at meetings of the governing body of the Successor Agency, which were called and held pursuant to the law and with all public notice required by law and at each of which a quorum was present and acting throughout and the Successor Agency Resolutions are in full force and effect and have not been modified, amended or rescinded;

(D) The information in the Official Statement under the captions "SECURITY AND SOURCES OF PAYMENT FOR BONDS," "SUCCESSOR AGENCY," and "PROJECT AREA," insofar as such statements purport to summarize information with respect to the Successor Agency and its tax sharing obligations, fairly and accurately summarizes the information presented therein; and

(E) Except as otherwise disclosed in the Official Statement, there is no litigation, action, suit, proceeding or investigation (or any basis therefor) at law or in equity before or by any court, governmental agency or body, pending by way of a summons served against the Successor Agency or, to our knowledge, threatened against the Successor Agency, challenging the creation, organization or existence of the Successor Agency, or the validity of the Indenture, the Escrow Agreement, the Refunding Instructions or this

Bond Purchase Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby or contesting the authority of the Successor Agency to enter into or perform its obligations under the Indenture, the Escrow Agreement, the Refunding Instructions or this Bond Purchase Agreement, or under which a determination adverse to the Successor Agency would have a material adverse effect upon the availability of Tax Revenues, or which, in any manner, questions the right of the Successor Agency to enter into, and perform under, the Indenture, the Escrow Agreement, the Refunding Instructions or this Bond Purchase Agreement;

(vii) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Trustee is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture;

(B) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture or the consummation of the transactions contemplated by the Indenture;

(viii) an opinion or opinions of counsel to the U.S. Bank National Association, as Escrow Bank and as 2006 Trustee, dated the Closing Date and addressed to the Successor Agency, and the Underwriter, to the effect that:

(A) U.S. Bank National Association is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Escrow Agreement and the Refunding Instructions;

(B) The Escrow Agreement and the Refunding Instructions have been duly authorized, executed and delivered by U.S. Bank National Association and the Escrow Agreement and the Refunding Instructions constitute the legal, valid and binding obligations of U.S. Bank National Association enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over U.S. Bank National Association that has not been obtained is or will be required for the execution and delivery of the Escrow Agreement or the Refunding

Instructions, or the consummation of the transactions on the part of U.S. Bank National Association contemplated by the Escrow Agreement and the Refunding Instructions;

(ix) a certificate, dated the Closing Date, of the Trustee, signed by a duly authorized officer of the Trustee, to the effect that (A) the Trustee is duly organized and validly existing as a national banking association, with full corporate power to undertake the trust of the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trust of the Indenture; and (C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Trustee (either in state or federal courts), or to the knowledge of the Trustee which would restrain or enjoin the execution or delivery of the Indenture, or which would affect the validity or enforceability of the Indenture, or the Trustee's participation in, or in any way contesting the powers or the authority of the Trustee with respect to, the transactions contemplated by the Indenture, or any other agreement, document or certificate related to such transactions;

(x) a certificate, dated the Closing Date, of U.S. Bank National Association, signed by a duly authorized officer of U.S. Bank National Association, to the effect that (A) U.S. Bank National Association is duly organized and validly existing as a national banking association, with full corporate power to undertake the trust of the Escrow Agreement and the Refunding Instructions; (B) U.S. Bank National Association has duly authorized, executed and delivered the Escrow Agreement and the Refunding Instructions and by all proper corporate action has authorized the acceptance of the trusts of the Escrow Agreement and the Refunding Instructions; and (C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on U.S. Bank National Association (either in state or federal courts), or to the knowledge of U.S. Bank National Association Bank which would restrain or enjoin the execution or delivery of the Escrow Agreement, or the Refunding Instructions or which would affect the validity or enforceability of the Escrow Agreement or the Refunding Instructions, or U.S. Bank National Association's participation in, or in any way contesting the powers or the authority of the U.S. Bank National Association with respect to, the transactions contemplated by the Escrow Agreement, the Refunding Instructions, or any other agreement, document or certificate related to such transactions;

(xi) A supplemental opinion of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the Closing Date substantially to the following effect:

(A) The Successor Agency has full legal power and lawful authority to enter into the Indenture, the Escrow Agreement, the Refunding Instructions and this Bond Purchase Agreement, and to execute and deliver the Bonds and the Disclosure Certificate;

(B) the Indenture, the Escrow Agreement, the Refunding Instructions, the Disclosure Certificate, and this Bond Purchase Agreement have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other parties thereof, constitute the valid, legal and binding agreements of

the Successor Agency enforceable in accordance with their terms, except as the enforceability thereof may be limited by any applicable bankruptcy, insolvency, debt adjustment, fraudulent conveyance or transfer, moratorium, reorganization or other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California;

(C) The Authority has full legal power and lawful authority to enter into the Escrow Agreement and execute the Refunding Instructions;

(D) The Escrow Agreement and the Refunding Instructions have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereof, constitute the valid, legal and binding agreements of the Authority enforceable in accordance with their term, except as the enforceability thereof may be limited by any applicable bankruptcy, insolvency, debt adjustment, fraudulent conveyance or transfer, moratorium, reorganization or other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California;

(E) The statements contained in the Official Statement pertaining to the Bonds under the captions "BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "CONCLUDING INFORMATION – Tax Matters," and in "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE" and "APPENDIX E – FORMS OF BOND COUNSEL OPINIONS," excluding any material that may be treated as included under such captions and appendices by cross-reference; any financial, statistical or numerical data contained therein; or the statements under each such caption relating to DTC, Cede & Co. the book-entry system, the Municipal Bond Insurer, the Insurance Policy and the Reserve Policy, as to all of which such counsel expresses no view), insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture and Bond Counsel's final opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects as of the Closing Date; and

(F) The Bonds are not subject to registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

(xii) an opinion of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, as disclosure counsel to the Successor Agency, dated the Closing Date, addressed to the Underwriter to the effect that, without passing upon or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement or making any representation that such counsel has independently verified the accuracy, completeness or fairness of any such statements, in such counsel's capacity as disclosure counsel to the Successor Agency, to assist it in part of its responsibility with respect to the Official Statement, such counsel

participated in conferences with representatives of the Successor Agency, Bond Counsel, the Fiscal Consultant (as defined below), the Underwriter and others, during which the contents of the Official Statement and related matters were discussed. Based on such counsel's participation in the above-mentioned conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters mentioned above, such counsel advises as a matter of fact and not opinion that, during the course of such counsel's role as disclosure counsel with respect to the Bonds, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such role which caused such counsel to believe that the Official Statement as of its date (except for any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any determinations regarding valuation, real estate, and environmental matters, or any basis therefor; information about the Underwriter or underwriting; any information about the Depository Trust Company, the book-entry system, and the appendices included or referred to therein, which are expressly excluded from the scope of such opinion and as to which such counsel shall express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or opinion rendered with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by, or incorporated by reference in, the Official Statement;

(xiii) the opinion of Underwriter's counsel satisfactory to the Underwriter;

(xiv) a tax certificate related to the Bonds in the form satisfactory to Bond Counsel;

(xv) the final Official Statement executed by an authorized officer of the Successor Agency;

(xvi) certified copies of the Successor Agency Resolutions, the Authority Resolution, the Alternate Funds Resolution and the Oversight Board Resolution;

(xvii) specimen Bonds;

(xviii) evidence that the federal tax information form 8038-G with respect to the Bonds has been prepared by Bond Counsel for filing;

(xix) a verification report of _____ (the "**Verification Agent**") as to the sufficiency of the moneys and the investment earnings and maturing escrow securities, if any, in the Escrow Agreement;

[(xx) a copy of the Insurance Policy;

(xxi) a copy of the Reserve Policy;

(xxii) an opinion of counsel to the Municipal Bond Insurer, addressed to the Successor Agency and the Underwriter to the effect that:

(A) the descriptions of the Municipal Bond Insurer, the Insurance Policy and the Reserve Policy included in the Official Statement are accurate;

(B) the Insurance Policy and the Reserve Policy constitute legal, valid and binding obligations of the Municipal Bond Insurer, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditor's rights generally and by the application of equitable principles if equitable remedies are sought, and

(C) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xxiii) a certificate of the Municipal Bond Insurer, signed by an authorized officer of the Municipal Bond Insurer, to the effect that:

(A) the information contained in the Official Statement relating to the Municipal Bond Insurer, the Insurance Policy and the Reserve Policy is true and accurate and

(B) as to such other matters as the Successor Agency or the Underwriter may reasonably request;]

(xxiv) satisfactory evidence that the Bonds have been assigned the ratings disclosed in the Official Statement;

(xxv) a certificate of an officer of Urban Futures, Inc. (the "Fiscal Consultant"), dated the date of the Closing, addressed to the Successor Agency and the Underwriter, to the effect that, to the best of its knowledge, the assessed valuations and other fiscal information contained in the Official Statement, including such firm's Fiscal Consultant's Report attached thereto as Appendix A, are presented fairly and accurately, and consenting to the use of its report as Appendix A to the Preliminary Official Statement and the Official Statement;

(xxvi) evidence of required filings with the California Debt and Investment Advisory Commission;

(xxvii) defeasance opinions of Bond Counsel with respect to the Refunded Loans and the Refunded Bonds and the related governing documents, each dated the Closing Date and addressed to the Successor Agency, the Trustee, the Escrow Bank and the Underwriter, in form and substance satisfactory to the Underwriter;

(xxviii) a copy of the Letter of the Department of Finance, dated July 28, 2016, approving the issuance of the Bonds;

(xxix) a copy of the continuing disclosure diligence report;

(xxix) a certificate, dated the Closing Date, signed by a duly authorized official of Urban Futures, Inc., the Successor Agency's Financial Advisor (the "**Financial Advisor**") addressed to the Underwriter and the Successor Agency to the effect that: (i) in connection with its participation in the preparation of the Official

Statement and without undertaking any independent investigation and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, nothing has come to the attention of the Financial Advisor that would lead it to believe that the statements and information contained in the Official Statement as of the date thereof and the Closing Date contains an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (ii) with respect to the Refunded Bonds, the savings test set forth in Section 34177.5(a) of the Dissolution Act has been met;

(xxx) a certificate, dated the Closing Date, of a duly appointed officer of the Authority to the effect that there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Authority or, to the knowledge of the Authority, threatened against or affecting the Authority to restrain or enjoin the Authority's participation in, or in any way contesting the existence of the Authority or the powers of the Authority with respect to, the transactions contemplated by the Escrow Agreement, the Refunding Instructions, this Bond Purchase Agreement or the Indenture, and consummation of such transactions.

(xxxi) an opinion of the City Attorney of the City of Turlock, as general counsel to the Authority, dated the Closing Date and addressed to the Authority and the Underwriter to the effect that:

(A) the Authority is a joint exercise of powers agency duly organized and existing under the laws of the State; and

(B) the Authority Resolution is in full force and effect and has not been modified, amended or rescinded.

(xxxii) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing Date of the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement and the due performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency pursuant to this Bond Purchase Agreement.

If the Successor Agency shall be unable to satisfy the conditions contained in this Bond Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Successor Agency shall be under any further obligation hereunder.

8. Termination. The Underwriter shall have the right, upon written notice to the Successor Agency, to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

(a) a decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by

amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, regulation or offering circular by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made, or an executive order of the President of the United States of America has been issued, having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Bonds, including causing interest on the Bonds to be included in gross income for purposes of federal income taxation, or imposing federal income taxation upon revenues or other income of the general character to be derived by the Successor Agency or by any similar body under the Indenture or similar documents or upon interest received on obligations of the general character of the Bonds which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of or market for the Bonds; or

(b) legislation shall have been enacted, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that of the Bonds, including any underlying obligations, or the Indenture, as the case may be, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution of the Indenture, as contemplated hereby or by the Official Statement, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) any event shall have occurred or any information shall have become known to the Underwriter which causes the Underwriter to reasonably believe that the Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(e) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(f) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(g) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(h) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Successor Agency; or

(i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(j) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriter;

(k) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(l) any change, which in the reasonable opinion of the Underwriter, materially adversely affects the marketability of the Bonds or, the financial condition of the Successor Agency.

9. *Contingency of Obligations.* The obligations of the Successor Agency hereunder are subject to the performance by the Underwriter of its obligations hereunder.

10. *Duration of Representations, Warranties, Agreements and Covenants.* All representations, warranties, agreements and covenants of the Successor Agency shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter or the Successor Agency and shall survive the Closing Date.

11. *Expenses.* (a) Subject to the following paragraph (b), the Successor Agency will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, mailing or delivery of the Bonds, costs of printing the Bonds, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto, the fees and disbursements of Bond Counsel, Disclosure Counsel, and counsel to the Successor Agency, the fees and expenses of the Successor Agency's accountants and fiscal consultants, fees of the Financial Advisor, any fees charged by investment rating agencies for the rating of the Bonds and fees of the Trustee, and fees and expenses related to the Successor Agency's staff time. In the event this Bond Purchase Agreement shall terminate because of the default of the Underwriter, the Successor Agency will, nevertheless, pay, or cause to be paid, all of the expenses specified above.

(b) The Underwriter shall pay the fees and expenses of any counsel retained by it, all advertising expenses incurred in connection with the public offering of the Bonds, CDIAAC fees, CUSIP fees and all other expenses incurred by it in connection with the public offering and distribution of the Bonds (including out-of-pocket expenses and related regulatory expenses).

12. *Notices.* Any notice or other communication to be given to the Successor Agency under this Bond Purchase Agreement may be given by delivering the same in writing to the Finance Director, Successor Agency to the Turlock Redevelopment Agency, 156 South Broadway, Suite 230, Turlock, CA 95380, and any notice or other communication to be given to

the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104 Attention: Eileen Gallagher.

13. *Parties in Interest.* This Bond Purchase Agreement is made solely for the benefit of the Successor Agency and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

14. *Governing Law.* This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

15. *Headings.* The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

16. *Severability.* In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

17. *Effectiveness.* This Bond Purchase Agreement shall become effective upon acceptance hereof by the Successor Agency.

18. *Counterparts.* This Bond Purchase Agreement may be executed in several counterparts which together shall constitute one and the same instrument.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, AS UNDERWRITER

By: _____
Authorized Officer

Accepted and agreed to as of
the date first above written, and the time
identified below:

SUCCESSOR AGENCY TO THE TURLOCK
REDEVELOPMENT AGENCY

By _____
Name _____
Title _____

Time of Execution: _____

**EXHIBIT A TO THE
BOND PURCHASE AGREEMENT**

\$ _____
**SUCCESSOR AGENCY TO THE
TURLOCK REDEVELOPMENT AGENCY
Tax Allocation Refunding Bonds, Series 2016**

MATURITY SCHEDULE

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Reoffering Price
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[* Insured Bonds]

REDEMPTION PROVISIONS

Optional Redemption. The Bonds maturing on or before September 1, 20__ shall not be subject to optional redemption prior to their maturity. The Bonds maturing on or after September 1, 20__ shall be subject to redemption as a whole or in part from such maturities as the Successor Agency shall designate (which notice of designation shall be delivered to the Trustee no later than 45 days prior to the redemption date, or such shorter period as agreed to by the Trustee in its discretion), prior to their maturity at the option of the Successor Agency on any date on or after September 1, 20__, from funds derived by the Successor Agency from any source, at a redemption price equal to [100] percent of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__ and September 1, 20__ are also subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account on September 1 of each year commencing September 1, 20__ and September 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Bonds maturing September 1, 20

Redemption Date	<u>Sinking Account Installment</u>
--------------------	--

(September 1)

20__ (Maturity)

Bonds maturing September 1, 20

Redemption Date	<u>Sinking Account Installment</u>
--------------------	--

(September 1)

20__ (Maturity)

ESCROW AGREEMENT

by and among

TURLOCK PUBLIC FINANCING AUTHORITY,

SUCCESSOR AGENCY TO THE TURLOCK REDEVELOPMENT AGENCY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Escrow Agent

Dated as of October 1, 2016

Relating to Defeasance of:

Turlock Public Financing Authority

Revenue Bonds, Series 1999,
Tax Allocation Revenue Bonds, Series 2006, and
Tax Allocation Revenue Bonds, Series 2011

(and corresponding prepayment of loans under three Loan Agreements,
by and among the Authority, the former Turlock Redevelopment Agency and U.S. Bank
National Association, as trustee)

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Schedule A – Refunding Requirements

Schedule B – Escrow Securities (2011 Escrow Fund)

Appendix A – Form of Redemption and Defeasance Notice (1999 Bonds and 2006 Bonds)

Appendix B – Form of Defeasance Notice (2011 Bonds)

ESCROW AGREEMENT

This Escrow Agreement (this “Agreement”), dated as of October 1, 2016, is by and among the Turlock Public Financing Authority, a joint exercise of powers agency duly organized and existing pursuant to the laws of the State of California (the “Authority”), the Successor Agency to the Turlock Redevelopment Agency, a public entity existing under the laws of the State of California (the “City”), and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee under the Authority Trust Agreements and Loan Agreements described below and escrow agent hereunder (the “Escrow Agent”).

RECITALS:

A. The former Turlock Redevelopment Agency (the “Former Agency”) was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law set forth in Section 33000 et seq. of the Health and Safety Code (“HSC”) of the State of California (the “State”).

B. The Former Agency undertook a program to redevelop a project area known as the Turlock Redevelopment Project (the “Project Area”).

C. The Former Agency and the City of Turlock (the “City”) executed and delivered a Joint Exercise of Powers Agreement, dated as of December 15, 1998 (the “Joint Powers Agreement”), which Joint Powers Agreement created and established the Authority.

D. To finance redevelopment projects benefiting the Project Area, the Former Agency entered into the following three loan agreements (collectively, the “Loan Agreements”):

(i) the Loan Agreement, dated as of March 1, 1999 (the “1999 Loan Agreement”), by and among the Former Agency, the Authority and State Street Bank and Trust Company of California, N.A. (as succeeded by U.S. Bank National Association), as trustee, pursuant to which the Former Agency incurred a loan (the “1999 Loan”) and made a pledge of property tax increment revenues to the repayment of the 1999 Loan; and

(ii) the Loan Agreement, dated as of August 1, 2006 (the “2006 Loan Agreement”), by and among the Former Agency, the Authority and U.S. Bank National Association, as trustee, pursuant to which the Former Agency incurred a loan (the “2006 Loan”) and made a pledge of property tax increment revenues to the repayment of the 2006 Loan; and

(iii) the Loan Agreement, dated as of February 1, 2011 (the “2011 Loan Agreement”), by and among the Former Agency, the Authority and U.S. Bank National Association, as trustee, pursuant to which the Former Agency incurred a loan (the “2011 Loan”) and made a pledge of property tax increment revenues to the repayment of the 2011 Loan.

E. To provide funding for the 1999 Loan, the 2006 Loan and the 2011 Loan (collectively, the “Agency Loans”), the Authority issued three series of bonds in 1999, 2006 and 2011 (collectively, the “Authority Bonds”) pursuant the three Trust Agreements (collectively, the “Authority Trust Agreements”):

(i) the Authority's Revenue Bonds, Series 1999 (the "1999 Bonds"), in the original principal amount of \$4,970,000, pursuant to the Trust Agreement, dated as of March 1, 1999 (the "1999 Trust Agreement"), by and between the Authority and State Street Bank and Trust Company of California, N.A. (as succeeded by U.S. Bank National Association), as trustee;

(ii) the Authority's Tax Allocation Revenue Bonds, Series 2006 (the "2006 Bonds"), in the original principal amount of \$24,440,000, pursuant to the Trust Agreement, dated as of August 1, 2006 (the "2006 Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee; and

(iii) the Authority's Tax Allocation Revenue Bonds, Series 2011 (the "2011 Bonds"), in the original principal amount of \$15,300,000, pursuant to the Trust Agreement, dated as of February 1, 2011 (the "2011 Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee.

F. Pursuant to the Authority Trust Agreements, the Authority Bonds are secured by "Revenues," consisting of amounts repaid by the Former Agency (as succeeded by the Successor Agency") for the Agency Loans.

G. Pursuant to AB X1 26 (enacted in June 2011), and the State Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency was constituted.

H. The Successor Agency has determined to issue its Tax Allocation Refunding Bonds, Series 2016, in the aggregate principal amount of \$_____ (the "2016 Bonds"), pursuant to an Indenture, dated as of October 1, 2016 (the "2016 Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee.

I. The 2016 Bonds are being issued to effect a refunding of all of the outstanding Authority Bonds and the concurrent discharge of the Agency Loans.

J. Pursuant to the 2016 Indenture and this Agreement, the Successor Agency will also cause to be transferred to the Escrow Agent, a portion of the sale proceeds of 2016 Bonds, together with other moneys, for the deposit into the escrow funds (the "Escrow Funds") to be established under this Agreement, to effect the defeasance of the outstanding 1999 Bonds, the 2006 Bonds and the 2011 Bonds (and the concurrent discharge of the 1999 Loan, the 2006 Loan and the 2011 Loan).

K. Pursuant, and subject, to the terms of the Authority Trust Agreements, if there has been deposited with the Escrow Agent, to be held in escrow, cash or qualified securities (or a combination thereof) which shall provide sufficient moneys to pay and redeem any portion of the outstanding Authority Bonds through maturity or a designated redemption date, then the Authority's obligations with respect to such Authority Bonds shall be discharged and the lien with respect to such Authority Bonds under the Authority Trust Agreements shall cease (except for the payment thereof from the moneys held in escrow by the Escrow Agent) and such Authority Bonds shall be defeased.

L. The Authority and the Successor Agency are entering into this Agreement in order to provide for the proper and timely application of the proceeds from the 2016 Bonds and other moneys toward the defeasance and the payment and redemption of the 1999 Bonds, the 2006 Bonds and the 2011 Bonds.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa. Unless the context clearly requires otherwise, capitalized terms used in this Agreement shall have the meanings ascribed to them in the introductory paragraph and the Recitals hereof. In addition, as used herein, the following terms shall have the following meanings:

“1999 Bond Redemption Date” means _____, 2016.

“1999 Escrow Fund” means the fund by that name established by the Escrow Agent pursuant to Section 4.

“1999 Refunding Requirement” means an amount sufficient to pay the principal, interest and the redemption premium (if any) with respect to the Refunded 1999 Bonds on the 1999 Bond Redemption Date as set forth in Schedule A.

“2006 Bond Redemption Date” means _____, 2016.

“2006 Escrow Fund” means the fund by that name established by the Escrow Agent pursuant to Section 4.

“2006 Refunding Requirement” means an amount sufficient to pay the principal, interest and the redemption premium (if any) with respect to the Refunded 1999 Bonds on the 1999 Bond Redemption Date as set forth in Schedule A.

“2011 Bond Redemption Date” means March 1, 2021.

“2011 Escrow Fund” means the fund by that name established by the Escrow Agent pursuant to Section 4.

“2011 Refunding Requirement” means an amount sufficient to pay the principal, interest and the redemption premium (if any) with respect to the Refunded 2011 Bonds on the 2011 Bond Redemption Date as set forth in Schedule A.

“Bond Counsel” means Richards, Watson & Gershon, A Professional Corporation, or such other attorney or firm of attorneys 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 selected by the Authority and the Successor Agency.

“Closing Date” means _____, 2016, the date on which the 2016 Bonds are being issued.

“Code” means the Internal Revenue Code of 1986, as amended.

“Escrow Funds” means, collectively, the 1999 Escrow Fund, the 2006 Escrow Fund and the 2011 Escrow Fund.

“Escrow Securities” means the Investment Securities described in Schedule B to be deposited in the 2011 Escrow Fund.

“Investment Securities” means noncallable direct obligations of the United States of America, or bonds or other obligations which are noncallable and the payment of principal and interest of which are unconditionally and fully guaranteed by the United States of America, to mature or be withdrawable, as the case may be, not later than the time when needed for the payment and redemption of the Refunded Authority Bonds in order to discharge the pledge and lien securing the Refunded Authority Bonds.

“Redemption Dates” means, together, the 1999 Bond Redemption Date, the 2006 Redemption Date and the 2011 Bond Redemption Date.

“Refunded 1999 Bonds” means the 1999 Bonds to be defeased, paid and redeemed, pursuant to this Agreement, as further described in Schedule A.

“Refunded 2006 Bonds” means the 2006 Bonds to be defeased, paid and redeemed, pursuant to this Agreement, as further described in Schedule A.

“Refunded 2011 Bonds” means the 2011 Bonds to be defeased, paid and redeemed, pursuant to this Agreement, as further described in Schedule A.

“Refunded Authority Bonds” means, collectively, the Refunded 1999 Bonds, the Refunded 2006 Bonds and the Refunded 2011 Bonds.

“Refunding Requirements” means, collectively, the 1999 Refunding Requirement, the 2006 Refunding Requirement and the 2011 Refunding Requirement.

Section 2. Escrow Agent’s Acceptance of Duties. The Escrow Agent hereby accepts the duties and obligations expressly provided in this Agreement and agrees that the irrevocable instructions to the Escrow Agent contained herein are in a form satisfactory to it.

Section 3. Incorporation of Authority Trust Agreements. The applicable and necessary provisions of the Authority Trust Agreements, including redemption provisions and defeasance provisions set forth in Articles IV and XII of each of the 1999 Trust Agreement, the 2006 Trust Agreement and the 2011 Trust Agreement, are incorporated herein by reference.

Section 4. Escrow Funds Deposits.

(a) There is hereby created and established with the Escrow Agent, a special and irrevocable trust fund designated the “1999 Escrow Fund,” to be held by the Escrow Agent separate and apart from all other funds of the Authority, the Successor Agency or the Escrow Agent and used only for the purposes and in the manner provided in this Agreement. The 1999

Escrow Fund constitutes a special and irrevocable trust fund for purposes of effecting the concurrent defeasance of the Refunded 1999 Bonds and the discharge of the 1999 Loan. On the Closing Date, there shall be transferred and deposited into the 1999 Escrow Fund the following amounts (the sum of which shall be \$ _____):

(i) The Authority shall cause to be transferred to the Escrow Agent a portion of the proceeds of the 2016 Bonds for deposit in the 1999 Escrow Fund, in the amount of \$ _____;

(ii) The Escrow Agent shall also release and transfer \$ _____ from the Reserve Fund established under the 1999 Trust Agreement to the 1999 Escrow Fund.

(b) There is hereby created and established with the Escrow Agent, a special and irrevocable trust fund designated the "2006 Escrow Fund," to be held by the Escrow Agent separate and apart from all other funds of the Authority, the Successor Agency or the Escrow Agent and used only for the purposes and in the manner provided in this Agreement. The 2006 Escrow Fund constitutes a special and irrevocable trust fund for purposes of effecting the concurrent defeasance of the Refunded 2006 Bonds and the discharge of the 2006 Loan. On the Closing Date, there shall be transferred and deposited into the 2006 Escrow Fund the following amounts (the sum of which shall be \$ _____):

(i) The Authority shall cause to be transferred to the Escrow Agent a portion of the proceeds of the 2016 Bonds for deposit in the 2006 Escrow Fund, in the amount of \$ _____;

The Escrow Agent shall also release and transfer \$ _____ from the Reserve Fund established under the 2006 Trust Agreement to the 2006 Escrow Fund

(c) There is hereby created and established with the Escrow Agent, a special and irrevocable trust fund designated the "2011 Escrow Fund," to be held by the Escrow Agent separate and apart from all other funds of the Authority, the Successor Agency or the Escrow Agent and used only for the purposes and in the manner provided in this Agreement. The 2011 Escrow Fund constitutes a special and irrevocable trust fund for purposes of effecting the concurrent defeasance of the Refunded 2011 Bonds and the discharge of the 2011 Loan. On the Closing Date, there shall be transferred and deposited into the 2011 Escrow Fund the following amounts (the sum of which shall be \$ _____):

(i) The Authority shall cause to be transferred to the Escrow Agent a portion of the proceeds of the 2016 Bonds for deposit in the 2011 Escrow Fund, in the amount of \$ _____;

(ii) The Escrow Agent shall also release and transfer \$ _____ from the Reserve Fund established under the 2011 Trust Agreement to the 2011 Escrow Fund.

Section 5. Maintenance of Escrow Funds.

(a) Pending the disbursement thereof pursuant to Section 6 on the 1999 Bond Redemption Date, moneys in the 1999 Escrow Fund will be [held uninvested].

(b) Pending the disbursement thereof pursuant to Section 6 on the 2006 Bond Redemption Date, moneys in the 1999 Escrow Fund will be [held uninvested]

(c) The Escrow Agent, upon receipt of the moneys for the 2011 Escrow Fund described in Section 4(b), shall immediately: (i) invest \$_____ of such moneys in the Escrow Securities set forth in Schedule B, (ii) deposit such securities in the 2011 Escrow Fund, and (iii) hold the remaining \$_____ as cash in the 2011 Escrow Fund. All proceeds received upon the maturity of the Escrow Securities, including interest earnings thereon, shall be retained in the Escrow Fund. The Escrow Agent is hereby authorized and empowered to deposit uninvested monies held hereunder from time to time in a demand deposit account, without payment of interest thereon as provided hereunder, established at commercial banks that are corporate affiliates of the Escrow Agent.

(d) Notwithstanding the foregoing or any other provision of this Agreement to the contrary, at the written request of the Successor Agency and upon compliance with the conditions hereinafter set forth, the Escrow Agent shall have the power to sell, transfer, request the redemption of or otherwise dispose of some or all of the Escrow Securities in the 2011 Escrow Fund and to substitute Investment Securities. The foregoing may be effected only if: (i) the substitution of Investment Securities for the substituted Escrow Securities occurs simultaneously; (ii) the amounts of and dates on which the anticipated moneys from such Escrow Fund to be available for the payment or redemption of the Refunded 2011 Bonds on each disbursement date identified in Schedule A will not be diminished or postponed thereby, as shown in the certification (described below) of an independent certified public accountant; (iii) the Escrow Agent shall receive the unqualified opinion of counsel to the effect that the Successor Agency has the right and power to effect such disposition and substitution; and (iv) the Escrow Agent shall receive from an independent certified public accountant a certification that, immediately after such transaction, the principal of and interest on the Investment Securities in the Escrow Fund will, together with other moneys available for such purpose, be sufficient to pay the 2011 Refunding Requirement. Any cash received from the disposition and substitution of Escrow Securities pursuant to this Section to the extent that, as shown in such certification, such cash will not be required, in accordance with the 2016 Indenture and this Agreement, at any time for the payment when due as provided in Section 6, shall be transferred to the Successor Agency.

Section 6. Payment of Refunding Requirements.

(a) The 1999 Bond Redemption Date shall be _____, 2016. On the 1999 Redemption Date, the Escrow Agent shall disburse the amount indicated on Schedule A for application toward the payment and redemption of the Refunded 1999 Bonds for the equal and ratable benefit of the owners of the Refunded 1999 Bonds.

(b) The 2006 Bond Redemption Date shall be _____, 2016. On the 2006 Redemption Date, the Escrow Agent shall disburse the amount indicated on Schedule A for application toward the payment and redemption of the Refunded 2006 Bonds for the equal and ratable benefit of the owners of the Refunded 2006 Bonds.

(c) The 2011 Bond Redemption Date shall be March 1, 2021. On each March 1 and September 1 through (and including) the 2011 Bond Redemption Date, the Escrow Agent

shall disburse moneys from the 2011 Escrow Fund to pay interest and principal due to the registered owners of the Refunded 2011 Bonds in the amounts set forth Schedule A. Amounts disbursed from the 2011 Escrow Fund shall be applied towards the payment and redemption of the Refunded 2011 Bonds for the equal and ratable benefit of the owners of the Refunded 2011 Bonds.

Section 7. Verification. The Successor Agency has caused schedules to be prepared relating to the sufficiency of the funds deposited in the Escrow Funds to pay the Refunding Requirements. The Successor Agency shall furnish the Escrow Agent with the report of Causey Demgen & Moore P.C, verifying the mathematical accuracy of the computations contained in such schedules.

Section 8. Compliance with Authority Trust Agreements and this Agreement. The Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, including the timely transfer of moneys for the payment of principal, interest and redemption premium (if any) with respect to the Refunded Authority Bonds, in order to effectuate this Agreement. The liability of the Escrow Agent for the payment of the Refunding Requirements, pursuant to this Section and under the Authority Trust Agreements, shall be limited to the application, in accordance with this Agreement, of moneys in the Escrow Funds (including the Escrow Securities and interest earnings thereon, if any) available for the purposes of and in accordance with this Agreement.

Section 9. Tax Covenant. Notwithstanding any other provision of this Agreement, the Authority and the Successor Agency hereby covenant that no part of the proceeds of 2016 Bonds or of the moneys or funds held by the Escrow Agent hereunder shall be used, and that the Authority and the Successor Agency shall not direct the Escrow Agent to use any of such moneys or funds at any time, directly or indirectly, in a manner that would cause any of the 2016 Bonds to be an "arbitrage bond" under Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of execution and delivery of the 2016 Bonds. None of the Authority, the Successor Agency nor the Escrow Agent shall transfer or otherwise dispose of moneys and securities held in the Escrow Fund except as set forth in this Agreement; provided that the Escrow Agent may effectuate the transfer of such moneys to a successor Escrow Agent in accordance with the provisions of Section 16 relating to the transfer of rights and property to successor Escrow Agents.

Section 10. Defeasance and Redemption Notices.

(a) As soon as practicable upon the Escrow Agent's receipt of moneys for deposit in the 1999 Escrow Fund and the 2006 Escrow Fund pursuant to Section 4(a) and Section 4(b) (but in no event later than _____, 2016), the Escrow Agent shall send notices of redemption and defeasance to the registered owners of the Refunded 1999 Bonds and the Refunded 2006 Bonds, substantially in the form set forth in Appendix A.

(b) As soon as practicable upon the Escrow Agent's receipt of moneys for deposit in the 2011 Escrow Fund pursuant to Section 4(c), the Escrow Agent shall send notices of defeasance to the registered owners of the Refunded 2011 Bonds, substantially in the form set forth in Appendix B. No later than the 30 days before the 2011 Bond Redemption Date (but no

earlier than 60 days before the 2011 Bond Redemption Date), the Escrow Agent shall also send notices of redemption in accordance with Section 4.3 of the 2011 Trust Agreement.

Section 11. Defeasance of Refunded Authority Bonds. Concurrently with the deposit of the moneys in the Escrow Funds pursuant to Section 4 of this Agreement, the Refunded Authority Bonds shall no longer be deemed to be “Outstanding” and unpaid within the meaning and with the effect expressed in the Authority Trust Agreements.

Section 12. Discharge of 1999 Loan, 2006 Loan and 2011 Loan.

(a) Concurrently with the deposit of the moneys in the 1999 Escrow Fund pursuant to Section 4(a) of this Agreement, the 1999 Loan shall be deemed discharged under Section 6.3 of the 1999 Loan Agreement.

(b) Concurrently with the deposit of the moneys in the 1999 Escrow Fund pursuant to Section 4(b) of this Agreement, the 2006 Loan shall be deemed discharged under Section 6.3 of the 2006 Loan Agreement.

(c) Concurrently with the deposit of the moneys in the 2011 Escrow Fund pursuant to Section 4(c) of this Agreement, the 2011 Loan shall be discharged under Section 6.3 of the 2011 Loan Agreement.

Section 13. Nature of Lien. The trusts hereby created shall be irrevocable. The owners of the Refunded 1999 Bonds shall have an express lien on all of the moneys (including securities, if any) in the 1999 Escrow Fund, including the earnings thereon (if any), until paid out, used and applied in accordance with this Agreement. The owners of the Refunded 2006 Bonds shall have an express lien on all of the moneys (including securities, if any) in the 2006 Escrow Fund, including the earnings thereon (if any), until paid out, used and applied in accordance with this Agreement. The owners of the Refunded 2011 Bonds shall have an express lien on all of the moneys (including any securities) in the 2011 Escrow Fund, including the earnings thereon, until paid out, used and applied in accordance with this Agreement.

Section 14. Amendments. This Agreement shall not be repealed, revoked, altered, amended without the written consent of all of the registered owners of the unpaid Refunded Authority Bonds and the written consent of the Escrow Agent, the Successor Agency and the Authority; provided, however, that the Authority, the Successor Agency and the Escrow Agent may, without the consent of or notice to, such registered owners, enter into such amendment to this Agreement, if such amendment shall not materially adversely affect the rights of such registered owners and shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Agreement;

(b) To grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded Authority Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent;

(c) To transfer to the Escrow Agent and make subject to this Agreement, additional funds securities or properties;

(d) To conform the Agreement to the provisions of any law or regulations governing the tax-exempt status of the Refunded Authority Bonds and the 2016 Bonds in order to maintain their tax-exempt status; and

(e) To make any other change determined by the Authority to be not materially adverse to the owners of the Refunded Authority Bonds.

The Escrow Agent shall be entitled to rely exclusively upon an opinion of Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the owners of the Refunded Authority Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 15. Compensation of Escrow Agent. In consideration of the services rendered by the Escrow Agent under this Agreement, the Successor Agency agrees to and shall pay to the Escrow Agent its proper fees and expenses in accordance with the agreement therefor reached by the Escrow Agent and the Successor Agency, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, from any moneys of the Successor Agency and the Authority lawfully available therefor and the Escrow Agent shall have no lien whatsoever upon any of the moneys in the Escrow Funds (including any securities therein) for the payment of such proper fees and expenses.

Section 16. Resignation or Removal of Escrow Agent; Appointment of Successor. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving written notice to the Authority and the Successor Agency specifying the date when such resignation will take effect, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Authority Bonds or by the Authority as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Authority and the Successor Agency and signed by the registered owners of a majority in principal amount of the Refunded Authority Bonds. The Escrow Agent may also be removed at any time by the Authority and the Successor Agency with not less than 30 days' written notice to the Escrow Agent and the registered owners of the Refunded Authority Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or a receiver appointed by a court, a successor Escrow Agent may be appointed by the owners of a majority in principal amount of the Refunded Authority Bonds, by an instrument or concurrent instruments in writing, signed by such owners, or by their attorneys in fact duly

authorized in writing; provided, nevertheless, that in any such event, the Authority shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the owners of a majority in principal amount of the Refunded Authority Bonds, and any such temporary Escrow Agent so appointed by the Authority and the Successor Agency shall immediately, and without further act, be superseded by the Escrow Agent so appointed by such owners.

In the event that no appointment of a successor Escrow Agent, or a temporary successor Escrow Agent, shall have been made by such owners or the Authority, pursuant to the foregoing provisions of this Section, within 30 days after written notice of the removal or resignation of the Escrow Agent has been given to the Authority and the Successor Agency, the owner of any of the Refunded Authority Bonds, or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a national banking association or a corporation with trust powers organized under the banking laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than \$75,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Authority and the Successor Agency, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent, the Authority or the Successor Agency, execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the Authority or the Successor Agency be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Authority or the Successor Agency.

Any entity into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any entity resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party, shall, if it meets the qualifications set forth in the fifth paragraph of this Section, and if it is otherwise satisfactory to the Authority and the Successor Agency, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 17. Limitation of Powers and Duties. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Section 5. The Escrow

Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

Section 18. Indemnification. To the extent permitted by law, the Authority and the Successor Agency hereby assume liability for, and hereby agree (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its 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 Authority 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 Funds, the acceptance of the moneys and any securities deposited therein, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the Authority and the Successor 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 agents, employees or servants. In no event shall the Successor Agency, the Authority or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and removal or resignation of the Escrow Agent.

Section 19. Limitation of Liability. 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 Funds, the acceptance of the moneys or securities deposited therein, the sufficiency of the moneys or any securities held hereunder to accomplish the payment and redemption of the Refunded Authority Bonds, or any payment, transfer or other application of moneys or any securities 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 Escrow Agent shall incur no liability for losses arising from any investment made in accordance with this Agreement. The recitals of fact contained in the Recitals of this Agreement, shall be taken as the statements of the Authority and the Successor Agency, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of any securities purchased pursuant hereto, and any moneys to accomplish the payment and redemption of the Refunded Authority Bonds, pursuant to the Authority Trust Agreements or to the validity of this Agreement as to the Authority or the Successor Agency and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement, except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. Anything in this Agreement notwithstanding, the Escrow Agent shall not be liable for any consequential (i.e., special or indirect) losses or damages in performing its duties or in exercising its rights or power pursuant to this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Successor Agency or the Authority. 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 (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the Authority or the Successor Agency. Whenever the Escrow Agent deems it necessary or desirable, that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. 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 in accordance with this Agreement, or in the exercise of its rights or powers.

Section 20. Closing of Escrow Funds; Termination of Agreement.

(a) Upon completion of disbursements from the 1999 Escrow Fund to redeem and pay the Refunded 1999 Bonds on the 1999 Bond Redemption Date pursuant to Section 6(a) of this Agreement, all moneys (if any) remaining in the 1999 Escrow Fund shall be transferred to the Debt Service Fund established under the 2016 Indenture. Thereafter, the 1999 Escrow Fund shall close.

(b) Upon completion of disbursements from the 2006 Escrow Fund to redeem and pay the Refunded 2006 Bonds on the 2006 Bond Redemption Date pursuant to Section 6(b) of this Agreement, all moneys (if any) remaining in the 2006 Escrow Fund shall be transferred to the Debt Service Fund established under the 2016 Indenture. Thereafter, the 2006 Escrow Fund shall close.

(c) Upon completion of disbursements from the 2011 Escrow Fund to redeem and pay the Refunded 2011 Bonds on the 2011 Bond Redemption Date pursuant to Section 6(c) of this Agreement, all moneys (if any) remaining in the 2011 Escrow Fund shall be transferred to the Debt Service Fund established under the 2016 Indenture. Thereafter, the 2011 Escrow Fund shall close.

(d) This Agreement shall terminate upon the closing of the 2011 Escrow Fund.

Section 21. Governing Law. This Agreement shall be governed by the law of the State of California.

Section 22. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Authority, the Successor Agency, or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed, and construed to be severable from, the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements contained in this Agreement by, or on behalf of, the Authority, the Successor Agency or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 23. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(Escrow Agreement)

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

**TURLOCK PUBLIC FINANCING
AUTHORITY**

By: _____
Executive Director

**SUCCESSOR AGENCY TO THE TURLOCK
REDEVELOPMENT AGENCY**

By: _____
Executive Director

**U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent**

By: _____
Authorized Officer

SCHEDULE A

REFUNDING REQUIREMENTS

I. Refunded 1999 Bonds:

1999 Bond Redemption Date	Principal	Interest	Redemption Premium	Disbursement
_____, 2016	\$ 2,145,000*	\$ _____	--	\$ _____

* Consists of the following Refunded 1999 Bonds to be paid or redeemed on the 1999 Redemption Date:

Maturity Date (September 1)	Principal	Interest Rate	Redemption Price
2024	\$2,145,000	5.45%	100%

II. Refunded 2006 Bonds:

2006 Bond Redemption Date	Principal	Interest	Redemption Premium	Disbursement
_____, 2016	\$21,415,000 *	\$ _____	--	\$ _____

* Consists of the following Refunded 2006 Bonds to be paid or redeemed on the 2006 Redemption Date:

Maturity Date (September 1)	Principal	Interest Rate	Redemption Price
2017	\$510,000	4.000%	100%
2018	530,000	4.000	100
2019	550,000	4.200	100
2020	575,000	4.250	100
2021	595,000	4.300	100
2022	625,000	4.375	100
2023	650,000	4.400	100
2024	680,000	4.500	100
2030	7,135,000	5.000	100
2036	9,565,000	5.000	100

III. Refunded 2011 Bonds:

<u>Payment or Redemption Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Redemption Premium</u>	<u>Disbursement</u>
March 1, 2017		\$515,634.38	--	\$ 515,634.38
September 1, 2017	\$ 295,000	515,634.38	--	810,634.38
March 1, 2018		507,706.25	--	507,706.25
September 1, 2018	310,000	507,706.25	--	817,706.25
March 1, 2019		498,793.75	--	498,793.75
September 1, 2019	325,000	498,793.75	--	823,793.75
March 1, 2020		498,043.75	--	498,793.75
September 1, 2020	345,000	489,043.75	--	834,043.75
March 1, 2021	12,925,000*	478,262.50	--	13,403,262.50

* Consists of the following Refunded 2011 Bonds to be paid or redeemed on the 2011 Redemption Date:

<u>Maturity Date (September 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Redemption Price</u>
2021	\$ 370,000	6.50%,	100%
2025	1,270,000	7.00	100
2029	1,120,000	7.25	100
2039	10,165,000	7.50	100

SCHEDULE B

ESCROW SECURITIES

(2011 Escrow Fund)

<u>Securities Type</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Expected Receipt at Maturity (including principal and interest)</u>
------------------------	-----------------	-------------------------	---------------	--

APPENDIX A

Form of

NOTICE OF REDEMPTION AND DEFEASANCE

with reference to

Turlock Public Financing Authority

**Revenue Bonds, Series 1999 (CUSIP No. * 900206BA0)
(the "1999 Bonds")**

and

**Tax Allocation Revenue Bonds, Series 2006
(CUSIP Nos*: 90020LAK6, 90020LAM2, 90020LAN0, 90020LAP5, 90020LAQ3, 90020LAR1,
90020LAS9, 90020LAT7, 90020LAV2, 90020LAW0
(the "2006 Bonds")**

This Notice is being given on behalf of the Turlock Public Financing Authority (the "**Authority**"), to the owners of the above-captioned 1999 Bonds and 2006 Bonds (together, the "**Bonds**"), issued pursuant to, respectively, the Trust Agreement, dated as of March 1, 1999 (the "**1999 Trust Agreement**"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "**Trustee**"), and the Trust Agreement, dated as of August 1, 2006 (the "**2006 Trust Agreement**"), by and between the Authority and the Trustee. The 1999 Trust Agreement and the 2006 Trust Agreement, together, are referred to herein in as the "**Trust Agreements**."

Pursuant to Article XII of each Trust Agreement, the lien under the Trust Agreements with respect to the Bonds has been discharged through the irrevocable deposit of moneys in escrow funds (the "**Escrow Funds**") pursuant to an Escrow Agreement, dated as of October 1, 2016 (the "**Escrow Agreement**"), by and among the Authority, the Successor Agency to the Turlock Redevelopment Agency and the Trustee. The deposit into the Escrow Funds has been calculated to provide sufficient moneys to pay and redeem all of the outstanding principal and unpaid accrued interest due on the Bonds through the Redemption Date (defined below).

All outstanding 1999 Bonds and all outstanding 2006 Bonds maturing on or after September 1, 2017 will be redeemed on _____, 2016 (the "**Redemption Date**"). On the Redemption Date, the Trustee will disburse moneys from the Escrow Funds to pay to the registered owners of the Bonds a redemption price equal to 100 percent of the principal amount of the Bonds, plus unpaid accrued interest thereon, without premium, in accordance with the Trust Agreements. Interest on the Bonds shall cease to accrue from and after the Redemption Date.

As a result of the deposit into the Escrow Funds, the Bonds are deemed to have been paid and defeased in accordance with the Trust Agreements. Obligations of the Authority to the owners

* *Neither the Authority nor the Escrow Agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness. It is included solely for convenience of the owners of the Bonds*

of the defeased Bonds are hereafter limited to the application of moneys in the Escrow Funds for the principal and interest payment on the Bonds as the same become due and payable on the Redemption Date described above.

Owners of the Bonds should surrender the Bonds on the Redemption Date at the following address:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Avenue E.
St. Paul, MN 55107

For Bonds surrendered by mail, the use of registered or certified mail is suggested.

IMPORTANT NOTICE: Federal law requires the Trustee, as the paying agent, to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for additional information on the tax forms and instructions.

Dated: _____, 2016

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

APPENDIX B
Form of

NOTICE OF DEFEASANCE
with reference to

Turlock Public Financing Authority
Tax Allocation Revenue Bonds, Series 2011

*(CUSIP Nos[†]. 90020LBA7, 90020LBB5, 90020LBC3, 90020LBD1, 90020LBE9, 90020LBF6,
90020LBG4, 90020LBH2, 90020LBJ8)*

This Notice is being given on behalf of the Turlock Public Financing Authority (the "Authority"), to the owners of the above-captioned bonds (the "2011 Bonds"), issued pursuant to the Trust Agreement, dated as of February 1, 2011 (the "2011 Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

Pursuant to Section 12.02 of the 2011 Trust Agreement, the lien under the 2011 Trust Agreement with respect to the 2011 Bonds has been discharged through the irrevocable deposit of cash and certain securities (consisting of non-callable United States Treasury Obligations) in an escrow fund (the "Escrow Fund") held pursuant to an Escrow Agreement, dated as of October 1, 2016 (the "Escrow Agreement"), by and among the Authority, the Successor Agency to the Turlock Redevelopment Agency and the Trustee.

The deposit into the Escrow Fund has been calculated to provide sufficient moneys to pay all of the outstanding principal and unpaid accrued interest due on the 2011 Bonds through March 1, 2021 (the "Redemption Date"). On the Redemption Date, all of the unpaid principal of the 2011 Bonds (*i.e.*, the 2011 Bonds maturing on or after September 1, 2011) will be redeemed at a redemption price equal to 100 percent thereof, without premium, in accordance with the 2011 Trust Agreement.

As a result of the deposit into the Escrow Fund, the 2011 Bonds are deemed to have been paid and defeased in accordance with the 2011 Trust Agreement. Obligations of the Authority to the owners of the defeased 2011 Bonds are hereafter limited to the application of moneys in the Escrow Fund for the principal and interest payment on the 2011 Bonds as the same become due and payable as described above.

Dated: _____, 2016

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

[†] *Neither the Authority nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness. It is included solely for convenience of the owners of the 2011 Bonds*

NEW ISSUE – Book-Entry Only

RATING: S&P: “___”

See “CONCLUDING INFORMATION – Rating.”

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law: (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds. For a more complete discussion of the tax aspects, see “CONCLUDING INFORMATION – Tax Matters.”

§ _____ *

**SUCCESSOR AGENCY TO THE TURLOCK REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS
SERIES 2016**

Dated: Date of Delivery**Due: September 1, as shown on inside cover**

The Successor Agency to the Turlock Redevelopment Agency (the “Successor Agency”) is issuing its Tax Allocation Refunding Bonds, Series 2016 (the “Bonds”), pursuant to an Indenture, dated as of October 1, 2016 (the “Indenture”), by and between the Former Agency and U.S. Bank National Association, as trustee (the “Trustee”). The Successor Agency is the successor entity to the former Turlock Redevelopment Agency (the “Former Agency”). Proceeds from the sale of the Bonds will be applied to: (i) effect a prepayment of the Prior Loans (defined below), (ii) make a deposit into a debt service reserve account (the “Reserve Account”) or purchase a debt service reserve insurance policy to be credited to such Reserve Account, and (iii) pay costs of issuance of the Bonds. The Turlock Public Financing Authority (the “Authority”) issued bonds in 1999, 2006 and 2011, respectively, the proceeds of which were loaned to the Former Agency (the “Prior Loans”) pursuant to corresponding Loan Agreements, each by and among the Authority, the Former Agency and the trustee thereunder. The Former Agency used proceeds of the Prior Loans to finance projects for the redevelopment of a project area designated the Turlock Redevelopment Project (the “Project Area”). The Bonds will be payable from and secured by a pledge of Tax Revenues (as defined in the Indenture) derived from the Project Area and moneys in certain funds held under the Indenture, as further described in this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in integral multiples of \$5,000 principal amount. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid directly to DTC by the Trustee. Principal of the Bonds will be payable on the dates set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing March 1, 2017. Upon its receipt of payment of principal and interest, DTC in turn will be obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds.

The Bonds will be subject to optional redemption and mandatory sinking account redemption prior to their maturity as described in this Official Statement. *

The Successor Agency has applied for, and may obtain, municipal bond insurance with respect to the Bonds. If such insurance is obtained, the scheduled payment of principal of, and interest on, some or all of the Bonds when due, will be guaranteed under an insurance policy issued concurrently with the delivery of the Bonds. If the Successor Agency receives a commitment for insurance, its decision as to whether or not to purchase such insurance will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether the Successor Agency will obtain a commitment for or will purchase such insurance.

The Bonds will not be a debt, liability or obligation of the City of Turlock (the “City”), the State of California (the “State”), or any of its political subdivisions other than the Successor Agency. None of the City, the State nor any of its political subdivisions, other than the Successor Agency, will be liable for the Bonds. None of the members of the governing bodies or officers of the Successor Agency, the City nor any person executing the Bonds or the Indenture will be liable personally with respect to the Bonds. The obligations of the Successor Agency with respect to the Bonds will be payable solely from Tax Revenues and the funds pledged pursuant to the Indenture. The Successor Agency has no taxing power.

This cover page contains certain information for general reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page have the meanings set forth in this Official Statement. For a discussion of some of the risks associated with a purchase of the Bonds, see “RISK FACTORS.”

STIFEL

* Preliminary; subject to change.

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9/10/2016

RWG DRAFT:

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the dated date of the Official Statement in its final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Richards, Watson and Gershon, A Professional Law Corporation, Los Angeles, California, Bond Counsel. Richards, Watson & Gershon, A Professional Corporation, also serves as Disclosure Counsel to the Successor Agency in connection with the issuance of the Bonds. Certain legal matters will also be passed upon for the Successor Agency by its General Counsel. Certain legal matters will be passed upon for the Underwriter by their counsel, Jones Hall, A Professional Law Corporation, San Francisco, California. It is anticipated that the Bonds will be available for delivery in book-entry form through the facilities of DTC on or about _____, 2016.

Dated: _____, 2016

\$ _____ *

**SUCCESSOR AGENCY TO THE TURLOCK REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS
SERIES 2016**

MATURITY SCHEDULE

\$ _____ Serial Bonds

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† (Base:)</u>
--	-----------------------------	--------------------------	--------------	--------------	-----------------------------------

\$ _____ % Term Bond due September 1, 20 __, Yield _____%; Price: _____; CUSIP†: _____

* Preliminary; subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data in this Official Statement is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP © 2016 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. Neither the Successor Agency nor the Underwriter takes any responsibility for the accuracy of such numbers.

* Preliminary; subject to change.

**SUCCESSOR AGENCY TO THE TURLOCK REDEVELOPMENT AGENCY
City of Turlock, Stanislaus County, California**

**CITY COUNCIL/
SUCCESSOR AGENCY BOARD OF DIRECTORS**

Gary Soiseth, *Mayor/Chair*
Amy Bublak, *Vice Mayor/Vice Chair*
William DeHart, Jr., *Council Member/Board Member*
Matthew Jacob, *Council Member/Board Member*
Steven Nascimento, *Council Member/Board Member*

CITY/SUCCESSOR AGENCY STAFF

Gary R. Hampton, *City Manager/Executor Director*
Kellie Jacobs-Hunter, *Administrative Services Director/Finance Director*
Kellie E. Weaver, *City Clerk/Agency Secretary*
Marie Lorenzi, *Senior Accountant*
Phaedra Norton, *City Attorney/General Counsel*

SPECIAL SERVICES

Bond Counsel & Disclosure Counsel

Richards, Watson & Gershon,
A Professional Corporation
Stanislaus, California

Trustee

U.S. Bank National Association
San Francisco, California

Municipal Advisor and Fiscal Consultant

Urban Futures Inc.
Orange, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. Certain statements included or incorporated by reference in this Official Statement and in any continuing disclosure by the Successor Agency, any press release and in any oral statement made by or with the approval of an authorized officer of the City, acting as the Successor Agency, or any other entity described or referenced in this Official Statement, constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “anticipate,” “estimate,” “budget,” or other similar words and include, but are not limited to, statements under the captions “PROJECT AREA” and “TAX REVENUES AND DEBT SERVICE COVERAGE.” The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the Successor Agency has undertaken to provide certain on-going financial and other data pursuant to a Continuing Disclosure Certificate (see “CONCLUDING INFORMATION – Continuing Disclosure”), the Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based change.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness of the information from such sources. Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Successor Agency or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information as of Dated Date of Official Statement. The information and expressions of opinions in this Official Statement are subject to change without notice. Neither delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or any other entity described or referenced in this Official Statement since the dated date shown on the front cover. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside front cover and said public offering prices may be changed from time to time by the Underwriter.

No Incorporation of Websites. References to internet websites in this Official Statement are shown for reference and convenience only, and none of their content (including, but not limited to, the content of the City’s website and pages pertaining to the Successor Agency’s on the City’s website) is incorporated by reference. The Successor Agency makes no representation regarding the accuracy or completeness of information presented on such websites.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAW OF ANY STATE.

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**SUCCESSOR AGENCY TO THE TURLOCK REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS
SERIES 2016**

INTRODUCTION

This Introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the actual documents for more complete information with respect to matters concerning the Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used in this Official Statement and not defined herein shall have the meanings set forth in "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE."

General

This Official Statement, including the cover page, the inside front cover and appendices, is being provided in connection with the sale by the Successor Agency to the Turlock Redevelopment Agency (the "Successor Agency") of its § _____ * aggregate principal amount Tax Allocation Refunding Bonds, Series 2016 (the "Bonds"). The Successor Agency is the successor entity to the former Turlock Redevelopment Agency (the "Former Agency"). The Bonds will be issued pursuant to an Indenture, dated as of October 1, 2016 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"). Proceeds from the sale of the Bonds will be applied to: (i) effect a prepayment of the Prior Loans (defined below), (ii) make a deposit into a debt service reserve account (the "Reserve Account") established under the Indenture or purchase a debt service reserve insurance policy (the "Reserve Policy") to be credited to the Reserve Account, and (iii) pay costs of issuance of the Bonds.

The Former Agency was established pursuant to the Community Redevelopment Law (the "Redevelopment Law") of the State of California (the "State"), constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code. The Former Agency undertook a program to redevelop a project area known as the Turlock Redevelopment Project (the "Project Area"), primarily located in the City of Turlock (the "City").

Before its dissolution, the Former Agency incurred certain loans in 1999, 2006 and 2011 (respectively, the "1999 Loan," the "2006 Loan" and the "2011 Loan" and, collectively, the "Prior Loans") to finance redevelopment projects. In connection with the Prior Loans, the Turlock Public Financing Authority (the "Authority") issued three series of bonds (collectively, the "Prior Bonds"):

- the Authority's Revenue Bonds, Series 1999 (the "1999 Bonds"), in the original principal amount of \$4,970,000, of which \$2,145,000 in the principal amount are outstanding;
- the Authority's Tax Allocation Revenue Bonds, Series 2006 (the "2006 Bonds"), in the original principal amount of \$24,440,000, of which \$21,415,000 in the principal amount are outstanding; and
- the Authority's Tax Allocation Revenue Bonds, Series 2011 (the "2011 Bonds"), in the original principal amount of \$15,300,000, of which \$14,200,000 in the principal amount are outstanding.

* Preliminary; subject to change.

The Prior Bonds were issued pursuant to three Trust Agreements, dated as of March 1, 1999, August 1, 2006, and February 1, 2011, respectively (the "Prior Trust Agreements"), each by and between the Authority and the trustee thereunder (the "Prior Bond Trustee"). The Authority, the Former Agency and the Prior Bond Trustee entered into three Loan Agreements, dated as of March 1, 1999, August 1, 2006 and February 1, 2011, respectively (the "Prior Loan Agreements"). Pursuant to the Prior Trust Agreements and the Prior Loan Agreements, proceeds of the Prior Bonds were loaned to the Former Agency.

As further discussed below, the Former Agency was dissolved as of February 1, 2012, pursuant to legislation passed as part of the State's 2011 Budget Act. Before the Former Agency's dissolution, the City Council of the City adopted Resolution No. 2012-009 on January 10, 2012, and elected for the City to serve as the Successor Agency. As clarified by California Health and Safety Code Section 34173(g), the City and the Successor Agency are separate entities and are not merged as the result of the City's election to serve as the Successor Agency. The Successor Agency is authorized to issue bonds to refund debt of the Former Agency pursuant to Health and Safety Code Section 34177.5 and under Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law").

The Bonds will be payable from and secured by Tax Revenues (as defined in the Indenture; see below under "Security for Bonds" and "SECURITY AND SOURCES OF PAYMENT FOR BONDS") derived from the Project Area and moneys in certain funds pledged for the Bonds under the Indenture, as further described in this Official Statement.

At the time of the printing of the Preliminary Official Statement, the Successor Agency has applied for, and may obtain, municipal bond insurance with respect to the Bonds. If such insurance is obtained, the scheduled payment of principal of and interest on some or all of the Bonds when due will be guaranteed under an insurance policy issued concurrently with the delivery of the Bonds. If the Successor Agency receives a commitment for insurance, its decision as to whether or not to purchase such insurance will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether the Successor Agency will obtain a commitment for or will purchase such insurance.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2017. The Bonds will be subject to optional redemption and mandatory sinking account redemption* prior to maturity as described in this Official Statement.

The Bonds, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as the depository for the Bonds and all payments due on the Bonds will be made to Cede & Co. Ownership interests in the Bonds may be purchased only in book-entry form. **So long as the Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the registered owners, or just "Owners," of the Bonds shall mean Cede & Co. or such other nominee of DTC, and shall not mean the beneficial owners of the Bonds. See "BONDS – Book-Entry Only System" and "APPENDIX G – DTC'S BOOK-ENTRY ONLY SYSTEM."**

City of Turlock

The City is located in Stanislaus County (the "County"), approximately 107 miles east of San Francisco and 85 miles south of Sacramento, the State's capital. Based on an estimate by the California Department of Finance, the City's population was 72,050, as of January 1, 2016. The City was incorporated

* Preliminary; subject to change.

in 1908 and operates as a general law city, with a Council-Manager form of government. The City Council is consisted of the Mayor and four council members all elected to four-year terms. The City Council appoints the City Manager, who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. For further general information regarding the City, see “APPENDIX A – CITY OF TURLOCK GENERAL INFORMATION.”

Dissolution of Former Agency; Establishment of Successor Agency

The Former Agency was established on October 18, 1977 by action of the City Council pursuant to the Redevelopment Law. The Former Agency was a separate public body and exercises governmental functions in planning and carrying out redevelopment projects.

In June 2011, as part of the State’s 2011 Budget Act, the State Legislature enacted Assembly Bill No. 26 of the First Extraordinary Session (“AB X1 26”). The California Supreme Court, by its decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* 53 Cal. 4th 231 (2011) (the “CRA Lawsuit”), largely upheld AB X1 26, with modifications regarding certain deadlines that were delayed because of the CRA Lawsuit. The primary provisions of AB X1 26 are set forth in Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the “Dissolution Act”). The Dissolution Act has been amended and supplemented several times since its original enactment by AB X1 26, including significant amendments that became effective in June 2012 pursuant to Assembly Bill No. 1484 (“AB 1484”) and in September 2015, pursuant to Senate Bill No. 107 (“SB 107”).

The Dissolution Act provides for the establishment of a successor agency for each former redevelopment agency. As the result, the Successor Agency was constituted. The Successor Agency is tasked with winding down the Former Agency’s affairs. Upon the Former Agency’s dissolution, all of the Former Agency’s assets, properties, contracts, leases, books and records were transferred to the control of the Successor Agency by operation of law. The Successor Agency is required to continue to make payments for enforceable obligations (as defined under the Dissolution Act). The Successor Agency does not have any legal authority to participate in redevelopment activities, except to complete work related to enforceable obligations.

Even though the City has elected to serve as the Successor Agency, the Dissolution Act expressly provides that the City and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the City by virtue of the City’s election to serve as the Successor Agency. (Assets of the Former Agency were not transferred to the City by virtue of the City’s election to serve as the Successor Agency. However, see discussion under “SUCCESSOR AGENCY – Transfers to Housing Successor” regarding the transfer of certain housing assets to the City, in the City’s capacity as the housing successor pursuant to the Dissolution Act.) The Bonds will not be a debt, liability or obligation of the City, the State or any of its political subdivisions other than the Successor Agency.

Pursuant to the Dissolution Act, a seven-member Oversight Board of the Successor Agency (the “Oversight Board”) has been established, consisting of representatives from various local taxing agencies. Many of the Successor Agency’s actions are subject to the direction of, or prior approval by, the Oversight Board. For example, the establishment of each Recognized Obligation Payment Schedule (the “Recognized Obligation Payment Schedule” or the “ROPS”) described below must be approved by the Oversight Board. With limited exceptions, resolutions adopted by the Oversight Board are subject to review by the California State Department of Finance (the “State Department of Finance” or the “DOF”) before becoming effective. Certain Successor Agency matters are also subject to review by the County Auditor-Controller and the State Controller. See “SUCCESSOR AGENCY.”

Project Area

The Project Area is comprised of two components (each, a “Component Area”), totaling approximately 4,318 acres: (i) approximately 2,245 acres (the “Original Area”) which include the City’s downtown and surrounding areas, and (ii) approximately 2,073 acres (the “Added Area”) of multiple non-contiguous areas located in the north, northwest, southwest and southeast areas, respectively, of the City.

The City Council adopted Ordinance No. 834 on November 23, 1993 (the “Original Plan Ordinance”), approving a redevelopment plan (the “Original Plan”) for the Original Area. The Original Plan was amended on November 1, 1994 by Ordinance No. 863, and then on July 9, 1996 by Ordinance No. 906. The Original Plan, as so amended, is referred to in this Official Statement as the “Redevelopment Plan.” The Added Area was added pursuant to Ordinance No. 906 (the “Added Area Ordinance”). Because the Project Area includes unincorporated territory located in the County, the Board of Supervisors of the County adopted Ordinance No. CS-251, authorizing the Former Agency to redevelop such unincorporated territory.

The fiscal year 2016-17 secured assessed value of the taxable property in the Project Area is \$1,558,598,424. Residential land uses account for approximately ___ percent of the secured assessed valuation, with industrial uses account for approximately ___ percent and commercial uses account for approximately ___ percent.

See “PROJECT AREA.”

Security for Bonds

Tax Increment Pledge Before Dissolution Act; Pledge under Prior Loan Agreements

Before the enactment of AB X1 26, a redevelopment agency was authorized to pledge “tax increment” to repay indebtedness incurred to finance or refinance the redevelopment agency’s projects. The Redevelopment Law provided a method for financing projects based upon an allocation of taxes collected within each redevelopment project area. Under this method, the taxable value of a redevelopment project area (or a later added component area of a redevelopment project area) last equalized before the adoption of the redevelopment plan (or, as applicable, the plan amendment adding such component area) became the base year value. Except for any period during which the taxable value dropped below the base year level, the taxing agencies received the taxes produced by applying the then current tax rates to the base year roll. The redevelopment agency generally received taxes collected upon any increase in taxable value over the base year roll. The portion of such property taxes allocated to the redevelopment agency was referred to as “tax increment.”

Before dissolution, a redevelopment agency was generally required to establish a Low and Moderate Income Housing Fund (the “Housing Fund”) and deposit not less than 20 percent of the tax increment allocated to such redevelopment agency (the “Housing Set-Aside”) into the Housing Fund. The redevelopment agency was to use moneys deposited into the Housing Fund for authorized low and moderate income housing purposes. Because none of the proceeds of the Prior Loans were used to finance low and moderate income housing projects, the tax increment pledged to the repayment of the Prior Loans under the Loan Agreement consisted of only the portion of tax increment not required to be deposited into the Housing Fund (the “80 Percent Portion”), less any unsubordinated “pass-through payments” (see discussion under “SECURITY AND SOURCES OF PAYMENT FOR BONDS – Pledge of Tax Revenues” and “–Pass-Through Payments”).

Administration of Property Taxes Allocable to Successor Agency Under Dissolution Act

Under the Dissolution Act, the flow of property tax revenues to the Successor Agency is significantly different from the flow of tax increment to the Former Agency. The Dissolution Act requires the County Auditor-Controller to establish a fund, known as the Redevelopment Property Tax Trust Fund (the "RPTTF") for the Successor Agency. Each fiscal year, the County Auditor-Controller must determine the amount of property taxes (formerly, tax increment) that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the Dissolution Act and deposit such amount into the RPTTF.

The Dissolution Act currently requires that, except in the case where the DOF has approved a Last and Final Recognized Obligation Payment Schedule (the "LFROPS"; see "SECURITY AND SOURCES OF PAYMENT FOR BONDS – RPTTF Flow of Funds – *Last and Final ROPS*"), the Successor Agency must prepare a ROPS once a year (to be submitted to the DOF no later than February 1), listing the payments for enforceable obligations that the Successor Agency expects to make for the upcoming two six-month fiscal periods (*i.e.*, the period from July through December and the period from January through June; each, a "ROPS Payment Period"). The Successor Agency is permitted, however, to hold a reserve when required by the relevant bond indenture or when the next property tax allocation will be insufficient to pay bond debt service for the next payment due in the following half of the calendar year. The Successor Agency is authorized to make payments only pursuant to an enforceable obligation listed on a ROPS approved by the DOF.

As discussed in further detail under "SECURITY AND SOURCES OF PAYMENT FOR BONDS – RPTTF Flow of Funds," the Dissolution Act establishes a specific flow of funds for moneys deposited in the RPTTF. Pursuant to this flow of funds, the Successor Agency receives disbursements from the RPTTF only twice each year on the following dates: (i) on each June 1 for the ROPS Payment Period from July 1 to December 31, and (ii) on each January 2 for the ROPS Payment Period from January 1 to June 30.

Pursuant to Health and Safety Code Section 34177.5(g), if an indenture for refunding bonds issued under the Dissolution Act provides that the refunding bonds are secured by a pledge of and lien on property tax revenues, then it means that such refunding bonds are secured by a pledge of and lien on (and shall be repaid from) moneys deposited from time to time in the RPTTF.

Elimination of Housing Set-Aside Under Dissolution Act; Housing DDA Obligation

The Dissolution Act has eliminated the Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. All of the property tax revenues (*i.e.*, including the 80 Percent Portion and the amounts that would have been the Housing Set-Aside) are deposited into the RPTTF. Even though the Former Agency did not issue any bonds secured by a pledge of the Housing Set-Aside, the Former Agency incurred obligations for affordable housing projects which were intended to be paid from the Housing Set-Aside. Significantly, for an affordable housing project known as "Avena Bella," the Former Agency and EAH INC. (the "Avena Bella Developer") entered into a Disposition and Development Agreement, dated as of April 12, 2011 (the "Housing DDA"). Under the Housing DDA, the Successor Agency has an outstanding obligation in the amount up to \$3.5 million (the "Housing DDA Obligation"), which the Successor Agency currently expects to pay during calendar year 2017. The payment of the Housing DDA Obligation has been approved by the DOF under the ROPS for fiscal year 2016-17 (the "ROPS 16-17"). The Successor Agency expects to pay the Housing DDA Obligation from a combination of funds on hand from RPTTF disbursements received before June 2016 and moneys from the RPTTF disbursements received in June 2016 and January 2017.

Pledge Under Indenture; Reserve Account

The Bonds, after their issuance, will be secured by a pledge of "Tax Revenues." Tax Revenues include all property taxes deposited from time to time into the RPTTF, less (i) administrative costs of the County Auditor-Controller deducted as required by HSC Section 34183(a); (ii) pass-through payments to taxing entities, unless such payments have been subordinated to the Bonds, and (iii) moneys in the Housing DDA Obligation Fund. Under the Indenture, the Trustee will establish a Housing DDA Obligation Fund. Moneys deposited into Housing DDA Obligation Fund are intended to be used to fund the Housing DDA Obligation. The Indenture will provide that no more than \$3.5 million will be deposited into the Housing DDA Obligation from three sources: (a) an amount less than \$1,760,000 from funds on hand from RPTTF disbursements received before June 2016; (b) moneys that the Successor Agency received from the RPTTF disbursement in June 2016, in an amount not exceeding \$775,000; and (c) moneys that the Successor Agency receives from RPTTF disbursement in January 2017, in an amount not exceeding \$965,000.

The Trustee will maintain a Reserve Account. Upon the issuance of the Bonds, the Reserve Requirement (defined below, see "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Reserve Account") will be \$ _____. A portion of the proceeds from the sale of the Bonds will be used to either: (i) make a deposit into the Reserve Account in the amount equal to the initial Reserve Requirement, or (ii) purchase a Reserve Policy in the face amount equal to the initial Reserve Requirement to be credited to the Reserve Account. *If the Successor Agency receives a commitment for a Reserve Policy, the decision as to whether or not to purchase such reserve surety will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing.*

The Successor Agency will covenant to include in each ROPS a request to the County Auditor-Controller to disburse from the RPTTF to the Successor Agency on each RPTTF Disbursement Date amounts for principal, interest and reserve replenishment with respect to the Bonds, as required by the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Tax Revenues; Creation of Funds."

The Bonds will not be a debt, liability or obligation of the City, the State, or any of its political subdivisions other than the Successor Agency as described in this Official Statement. None of the City, the State, nor any of its political subdivisions, other than the Successor Agency, will be liable for the Bonds. None of the members of the governing bodies or officers of the Successor Agency, the City, nor any person executing the Bonds or the Indenture will be liable personally with respect to the Bonds. The obligations of the Successor Agency with respect to the Bonds will be payable solely from Tax Revenues and the funds pledged pursuant to the Indenture. The Successor Agency has no taxing power.

Continuing Disclosure

In connection with the sale of the Bonds, the Successor Agency will execute and deliver a Continuing Disclosure Certificate, covenanting to prepare and file an annual report and certain other notices with the Municipal Securities Rulemaking Board. See "CONCLUDING INFORMATION – Continuing Disclosure" and "APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Information Regarding Trustee

U.S. Bank National Association, a national banking association organized under the laws of the United States, serves as the Trustee for the Bonds under the Indenture. The Trustee is to carry out those duties assigned to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the

nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture, or for the validity, sufficiency, or legal effect of any such documents except with respect to the Trustee's covenants, obligations and agreements under such documents.

The mailing address of the Trustee is U.S. Bank National Association, Attention: Global Corporate Trust Services, 1420 One California Street, Suite 1000, San Francisco, CA 94111. Additional information about the Trustee may be found at its website at <http://www.usbank.com/corporatetrust>. The U.S. Bank website is not incorporated into this Official Statement by such referenced and is not a part of this Official Statement.

Other Professionals Involved in Offering

The legality of the issuance of the Bonds is subject to the approval of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel. Richards, Watson & Gershon, A Professional Corporation, also serves as Disclosure Counsel to the Successor Agency in connection with the issuance of the Bonds. Urban Futures Inc., Orange, California, is serving as Municipal Advisor and Fiscal Consultant. Certain legal matters will be passed on for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, as Underwriter's Counsel. Payment of the fee of the Underwriter's Counsel is contingent upon the issuance and delivery of the Bonds.

Other Information

There follows in this Official Statement brief descriptions of the Bonds, security for the Bonds, certain risk factors, the Indenture, the Successor Agency, the Project Area and certain other documents and information relevant to the issuance of the Bonds. All references to the Bonds, the Indenture, the Dissolution Act or other documents or law are qualified in their entirety by reference to such documents or law. Unless context clearly requires otherwise, capitalized terms used but not otherwise defined in this Official Statement have the meanings assigned to them in the Indenture. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE."

This Official Statement speaks only as of its date as set forth on the cover. The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made with respect to the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Successor Agency since the date of this Official Statement.

Unless otherwise expressly noted, references to internet websites in this Official Statement are shown for reference and convenience only, and none of their content (including, but not limited to, the content of the City's website and pages pertaining to the Successor Agency's on the City's website) is incorporated by reference. The Successor Agency makes no representation regarding the accuracy or completeness of information presented on such websites.

PLAN OF REFUNDING

Refunding of Prior Loans

The Bonds are being issued to prepay all of the Prior Loans and effect a corresponding defeasance of the Prior Bonds. The anticipated redemption dates of the Prior Bonds are set forth as follows:

<u>Prior Bonds</u>	<u>Redemption Date</u>
--------------------	------------------------

1999 Bonds	_____, 2016 [30 days after closing date] (the “1999 Bonds Redemption Date”)
2006 Bonds	_____, 2016 [30 days after closing date] (the “2006 Bonds Redemption Date”)
2011 Bonds	September 1, 2021 (the “2011 Bonds Redemption Date”), which is the earliest date that the 2011 Bonds are subject to be optionally redeemed under the related Trust Agreement. Moneys in the 2011 Escrow Fund (defined below) will be applied toward the principal and interest payments on 2011 Bonds through and including the 2011 Bonds Redemption Date.

The Successor Agency, the Authority and U.S. Bank National Association, as the Prior Bond Trustee, will enter into an Escrow Agreement, dated as of October 1, 2016 (the “Escrow Agreement”). Under the Escrow Agreement, the Prior Bond Trustee will establish three escrow funds (the “1999 Escrow Fund,” the “2006 Escrow Fund” and the “2011 Escrow Fund” respectively and, collectively, the “Escrow Funds”) in connection with the defeasance and redemption of the 1999 Bonds, 2006 Bonds and the 2011 Bonds. Moneys in the each Escrow Fund will be held solely for the benefit of the holders of the related Prior Bonds and will not serve as security nor be available for payment on the Bonds.

A portion of the proceeds from the sale of Bonds, together with moneys to be released from the reserve funds established under the Prior Trust Agreements relating to the 1999 Bonds and the 2006 Bonds, will be deposited into the 1999 Escrow Fund and the 2006 Escrow Fund, respectively. The moneys so deposited into the 1999 Escrow Fund will be sufficient to pay and redeem the refunded 1999 Bonds in full on the 1999 Bonds Redemption Date. The moneys so deposited into the 2006 Escrow Fund will be sufficient to pay and redeem the refunded 2006 Bonds in full on the 2006 Bonds Redemption Date. Moneys in each of the 1999 Bonds and the 2006 Bonds will be held [uninvested][invested in non-callable direct obligations of the United States of America] pending their disbursement.

A portion of proceeds from the sale of Bonds, together with moneys to be released from the reserve fund established under the Prior Trust Agreement relating to the 2011 Bonds, will be deposited in the 2011 Escrow Fund. Most of the moneys deposited in the 2011 Escrow Fund will be invested in escrow securities (comprising non-callable direct obligations of the United States of America, or other non-callable obligations the payment of principal and interest of which are unconditionally and fully guaranteed by the United States of America), with the remaining to be held uninvested in cash. The escrow securities will bear interest rates such that, upon their maturity, the principal and interest paid on the escrow securities, together with the uninvested cash in the 2011 Escrow Fund, will provide the Prior Bond Trustee sufficient funds to pay: (i) the scheduled payments of principal and interest with respect to the 2011 Bonds to (and including) the 2011 Bonds Redemption Date (*i.e.*, September 1, 2021), and (ii) on the 2011 Bonds Redemption Date, the redemption price of the 2011 Bonds to be redeemed.

Causey Demgen & Moore P.C., Denver, Colorado, certified public accountants (the “Verification Agent”), will verify the mathematical accuracy of certain computations included in the schedules provided on behalf of the Successor Agency relating to the computation of forecasted receipts of principal and interest earnings (if any) on the moneys and escrow securities deposited in the Escrow Funds and the forecasted payments of principal and interest in connection with the defeasance of the Refunded 1999 Bonds and the 2011 Bonds. The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of computations contained in the schedules provided to the Verification Agent and the Verification Agent has no obligation to update its report because of events occurring, or data or information coming to the Verification Agent’s attention, subsequent to the date of its report.

Sources and Uses of Funds

The following is a summary of the anticipated sources and uses of funds relating to the Bonds:

Sources:

Principal amount	*
Plus (less): Net original issue premium (discount)	
Less: Underwriter's discount	
Plus: Moneys to be released from Reserve Funds established under the Prior Trust Agreements	
<hr/>	
Total Sources	

Uses:

Deposit into Reserve Fund under Indenture ⁽¹⁾	
Costs of issuance ⁽²⁾	
Redemption of 2006 Bonds on Closing Date	
Deposit into 1999 Escrow Fund	
Deposit into 2011 Escrow Fund	
<hr/>	
Total Uses	

(1) Preliminary; cash will be deposited into Reserve Fund, only if no reserve fund insurance policy is purchased.

(2) To pay fees and expenses of Bond Counsel, Disclosure Counsel, Trustee, Municipal Advisor, premium for bond insurance [and debt service reserve insurance policy], rating fees, costs of posting and printing this Official Statement, and other costs of issuance relating to the Bonds.

BONDS

Description

The Bonds will be issued as fully registered bonds, and will bear interest at the rates, and mature on September 1 on the dates and in the amounts all as set forth on the inside front cover of this Official Statement. The Bonds will be dated their date of delivery.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2017 (each, an "Interest Payment Date"), and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date immediately preceding the date of authentication of such Bond, unless: (i) it is authenticated during the period from the day after the Record Date (*i.e.*, the 15th calendar day of the month preceding an Interest Payment Date) to and including such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to February 15, 2017 (*i.e.*, the first Record Date), in which event it will bear interest from the issuance and delivery date of the Bonds; provided, however, that if, at the time of authentication of any Bond interest with respect to such Bond is in default, such Bond will bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Bond.

The Bonds will be initially delivered as one fully registered certificate for each maturity (unless the Bonds of such maturity bear different interest rates, then one certificate for each interest rate among such maturity) and will be delivered by means of the book-entry system of DTC. While the Bonds are held in DTC's book-entry only system, all payments of principal of, interest and premium (if any) on the Bonds

* Preliminary; subject to change.

will be made to Cede & Co., as the registered owner of the Bonds. See “Book-Entry Only System” below and “APPENDIX G – DTC’S BOOK-ENTRY ONLY SYSTEM.”

Redemption

Optional Redemption. The Bonds maturing on or before September 1, 20__ will not be subject to optional redemption prior to their maturity. The Bonds maturing on or after September 1, 20__ will be subject to redemption as a whole or in part from such maturities as designated by the Successor Agency, prior to their maturity at the option of the Successor Agency on any date on or after September 1, 20__, from funds derived by the Successor Agency from any source, at the following redemption price(s) expressed as a percentage of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, 20__ through August 31, 20__	
September 1, 20__ through August 31, 20__	
September 1, 20__ and thereafter	

Mandatory Sinking Account Redemption.† The Bonds maturing on September 1, 20__ and September 1, 20__ (the “Term Bonds”) will also be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account on September 1 of each year commencing September 1, 20__ and September 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Bonds maturing September 1, 20__

<u>Redemption Date</u> <u>(September 1)</u>	<u>Sinking Account</u> <u>Installment</u>
--	--

(maturity)

Bonds maturing September 1, 20__

<u>Redemption Date</u> <u>(September 1)</u>	<u>Sinking Account</u> <u>Installment</u>
--	--

(maturity)

In lieu of redemption of any Term Bond, upon the Successor Agency’s written request, the Trustee may apply amounts on deposit in the Debt Service Fund or the Sinking Account at any time, for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other

† Preliminary; subject to change.

charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may determine in its discretion, but not in excess of the principal amount thereof. No Bonds shall be so purchased by the Trustee with a settlement date more than 60 days prior to the redemption date. The principal amount of any Term Bonds so purchased by the Trustee in any 12 month period ending 30 days prior to any Principal Payment Date in any year will be credited towards and will reduce the principal amount of such Term Bonds required to be redeemed on such Principal Payment Date in such year.

Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds of a maturity are called for redemption at any one time, the Trustee will select the Bonds to be redeemed, from the Outstanding Bonds of such maturity not previously selected for redemption, by lot; provided, that if less than all of the Outstanding Term Bonds of any maturity are called for optional redemption, each future Sinking Account Installment with respect to such Term Bonds will be reduced on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, so that the total amount of Sinking Account Installment payments (with respect to such Term Bonds) to be made after the optional redemption will be reduced by an amount equal to the principal amount of the Term Bonds so redeemed, as will be designated by the Successor Agency to the Trustee in writing.

Notice of Redemption; Cancellation of Redemption. The Trustee, on behalf of the Successor Agency, will send notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the bond registration books of the Trustee, to the Securities Depository and the Municipal Securities Rulemaking Board (via the Electronic Municipal Market Access System), not more than 60 days and not less than 30 days prior to the date fixed for redemption; provided that neither the failure of any Owner to receive any redemption notice sent to such Owner nor any defect in the notice so sent will not affect the sufficiency of the proceedings for redemption.

The Successor Agency will have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Neither such cancellation nor lack of available funds will constitute an Event of Default under this Indenture. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

So long as DTC is the sole registered owner of the Bonds, notices of redemption (and notices of cancellation of redemption) will be sent to DTC and not to any beneficial owners. See "Book-Entry Only System."

Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption will have been duly given and funds available for the payment of such redemption price of the Bonds so called for redemption will have been duly provided, no interest will accrue on such Bonds from and after the redemption date specified in such notice. Such Bonds, or parts thereof redeemed, will cease to be entitled to any lien, benefit or security under the Indenture.

Book-Entry Only System

The Bonds will be issued as one fully registered bond without coupons for each maturity (unless the Bonds of such maturity bear different interest rates, then one certificate for each interest rate among Bonds of such maturity) and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in integral multiples of \$5,000 principal amount. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial

owners of the Bonds as described in this Official Statement. So long as DTC's book-entry system is in effect with respect to the Bonds, notices to Owners by the Successor Agency or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the Bonds, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. So long as the Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the registered owners or use of the capitalized term "Owners" mean Cede & Co. or such other nominee of DTC, and do not mean the beneficial owners of the Bonds. See "APPENDIX G – DTC'S BOOK-ENTRY ONLY SYSTEM."

In the event that such book-entry system is discontinued with respect to the Bonds, the Successor Agency will execute and deliver replacements in the form of registered certificates and, thereafter, the Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture. In addition, the following provisions would then apply: The principal of, and redemption premium, if any, on the Bonds will be payable on the surrender thereof at maturity or the redemption date, as applicable, at the corporate trust office of the Trustee in St. Paul, Minnesota. The interest on the 2016 Bonds will be payable by check mailed or draft on each Interest Payment Date to the registered owners thereof as shown on the registration books of the Trustee as of the close of business on the Record Date (i.e., the 15th calendar day of the month immediately preceding the Interest Payment Date); provided, that a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds may specify in writing prior to the Record Date that the interest payment payable on each succeeding Interest Payment Date be made by wire transfer.

Annualized Debt Service Schedule

Annualized debt service on the Bonds, without regard to any optional redemption, is shown in the following table.

Bond Year Ending September 1	Principal	Interest	Total Annual Debt Service
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
Total			

AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT

Authorizing Statutes

The Successor Agency will be issuing the Bonds pursuant to the authority given to it under California Health and Safety Code Section 34177.5 and the Refunding Bond Law.

Approval by Oversight Board and Department of Finance

Before the issuance of refunding bonds under the Dissolution Act, the Successor Agency must obtain the approval of the Oversight Board, by resolution. Such Oversight Board resolution (as with most Oversight Board resolutions) does not become effective unless it has been approved, or deemed approved, by the State Department of Finance.

On June 14, 2016, the governing board of the Successor Agency, adopted Resolution No. SA-RDA-2016-004 (the “SA Bond Resolution”), authorizing the issuance and sale of Bonds. On June 15, 2016, the Oversight Board adopted Resolution No. OB-2016-003 (the “OB Bond Resolution”), approving the issuance of the Bonds and the SA Bond Resolution. On July 28, 2016, the DOF issued its letter (the “DOF Letter”) indicating the DOF’s approval of the OB Bond Resolution.

Expiration of Challenge Period

The Dissolution Act also provides that, notwithstanding any other State law, an action to challenge the issuance of bonds under the Dissolution Act must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving the issuance of the bonds. More than 30 days have expired between the adoption of the OB Bond Resolution and the date of this Official Statement. During this interim, the Successor Agency has received no notice of any action challenging the issuance of the Bonds.

Pursuant to Health and Safety Code Section 34177.5(f), once the DOF has given its approval to the OB Bond Resolution, the scheduled payments on the Bonds must be listed on the Successor Agency’s ROPS (see “SECURITY AND SOURCES OF PAYMENT FOR BONDS – Recognized Obligation Payment Schedules”) and will not be subject to further review and approval by the DOF or the State Controller. Furthermore, pursuant to Health and Safety Code Section 34177.5(f), once the Bonds are issued with the Oversight Board’s approval, the Oversight Board will not be permitted to unilaterally approve any amendments to or early termination of the Bonds (*i.e.*, unilaterally terminate the Indenture or the Bonds in contradiction to the terms by which the Bonds were sold).

SECURITY AND SOURCES OF PAYMENT FOR BONDS

Pledge of Tax Revenues

The Bonds will not be a debt, liability or obligation of the City, the State, or any of its political subdivisions other than the Successor Agency as described in this Official Statement. None of the City, the State nor any of its political subdivisions, other than the Successor Agency, will be liable for the Bonds. None of the members of the governing bodies or officers of the Successor Agency, the City nor any person executing the Bonds or the Indenture will be liable personally with respect to the Bonds. The obligations of the Successor Agency with respect to the Bonds will be payable solely from Tax Revenues and the funds pledged pursuant to the Indenture. The Successor Agency has no taxing power. The Bonds will not constitute indebtedness in violation of any constitutional or statutory debt limit or restriction.

Under the Indenture, “Tax Revenues” has the following meaning:

- (A) All property taxes deposited from time to time into the RPTTF (consisting of all property tax revenues that would have been allocated to the Former Agency pursuant to subdivision (b) of Section 16 of Article XVI of the Constitution of the State and that are deposited and administered in accordance with the provisions of the Dissolution Act), but excluding the following amounts: (i) administrative costs of the County Auditor-Controller deducted as required by HSC Section 34183(a); (ii) amounts payable to affected taxing entities pursuant to the Redevelopment Law (including payments under California Health and Safety Code Sections 33676, 33607.5 or 33607.7 and the Pass-Through Agreements (defined below)), except to the extent such payment to a taxing entity has been subordinated to the Bonds (see “Pass-Through Payments” below), and (iii) moneys in the Housing DDA Obligation Fund (which pursuant to the Indenture, will be funded by an amount not exceeding \$775,000 from the June 2016 RPTTF disbursement, an amount not

exceeding \$965,000 from the January 2017 RPTTF disbursement and an amount not less than \$1,760,000 from funds that the Successor Agency has on hand from RPTTF disbursements received before June 2016) (see “Allocation of Property Taxes (Determination of RPTTF Deposits) – *Elimination of Housing Set-Aside; Housing DDA Obligation Fund*”); and

- (B) In the event that the provisions of the Dissolution Act are invalidated because of a final judicial decision or a change in law, such that property tax revenues described above are in longer deposited into the RPTTF, then Tax Revenues shall mean all revenues derived from taxes levied on properties that would have been allocated to the Former Agency pursuant to Section 16(b) of Article XVI of the California Constitution, subject to the exclusions stated in paragraph (A) above, as such exclusions are then in effect pursuant to the law of such time.

Upon their issuance, the primary source of the Successor Agency’s payment of debt service on the Bonds will be moneys received by the Successor Agency from the County Auditor-Controller from disbursements of property tax revenues from the RPTTF. See “INTRODUCTION – Security for Bonds – *Administration of Property Taxes Allocable to Successor Agency Under Dissolution Act.*” Each fiscal year, the County Auditor-Controller must determine the amount of property taxes – formerly known as tax increment – that would have been allocated to the Former Agency had the Former Agency not been dissolved and deposit such amount into the RPTTF. See “Allocation of Property Taxes (Determination of RPTTF Deposits)” below.

Under the Indenture, the Successor Agency will covenant to include in each ROPS a request for the County Auditor-Controller to distribute from the RPTTF to the Successor Agency on each RPTTF Disbursement Date, the following amounts:

- (i) the interest payment coming due with respect to the Outstanding Bonds and Parity Obligations (if any, see below under “Incurrence of Limitation on Additional Bonds or Subordinate Debt”) during such ROPS Payment Period,
- (ii) for any ROPS Payment Period which covers payments from January through June of a calendar year, at least one-half (but, at the discretion of the Successor Agency, may be up to all) of the principal amount (including maturing principal and any Sinking Account Installment) coming due with respect to the Bonds and Parity Obligations (if any) on September 1 of such calendar year (the “Principal Reserve”),
- (iii) for any ROPS Payment Period which covers payments from July through December of a calendar year, an amount equal to the principal amount (including maturing principal and any Sinking Account Installment) coming due with respect to the Bonds and Parity Obligations (if any) on September 1st of such calendar year, less the Principal Reserve already received in connection with the immediately prior ROPS Payment Period and deposited with the Trustee, and
- (iv) amounts, if any, required to replenish the Reserve Account and to replenish Parity Reserve Accounts (if any).

The Successor Agency will also covenant to include on the periodic ROPS, to the extent necessary and permitted under the Dissolution Act, the amounts to be held as a reserve until the next ROPS Payment Period, if the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture during that next ROPS Payment Period. To that end, whenever the Successor Agency is preparing

a ROPS, the Successor Agency will, based on information obtained from the County Auditor-Controller, review the amount of dollars deposited in the RPTTF on the two immediately prior RPTTF Disbursement Dates. For this purpose, the Successor Agency will assume that the property tax revenue collection (and thus, the dollar amount to be deposited in the RPTTF) will be consistent with the pattern shown during the last two ROPS Payment Periods but without any assumed increase to the assessed value of the taxable properties in the Project Area.

The Successor Agency will establish a Special Fund pursuant to the Indenture. Upon the receipt of Tax Revenues on each RPTTF Disbursement Date, the Successor Agency will apply the Tax Revenues pursuant to the ROPS (as approved by the DOF) and further deposit the Tax Revenues received for the payment of debt service of the Bonds and Parity Obligations (if any) and any replenishment of the Reserve Account and Parity Reserve Accounts (if any) into the Special Fund. During each Bond Year, the Successor Agency will deposit such moneys in the Special Fund until such time as the amount so deposited in the Special Fund will be at least equal the sum of (i) the aggregate amount required to be transferred to the Trustee for debt service and reserve replenishment for the Bonds pursuant to the Indenture for such Bond Year, and (ii) the aggregate amount required by the governing documents of the Parity Obligations (if any) to be transferred for the debt service payment and replenishment of the Parity Reserves (if any).

See “Application of Tax Revenues Under Indenture” below regarding the requirement for the Successor Agency to transfer moneys from the Special Fund to the Trustee on or before the fifth Business Day before each Interest Payment Date, and the Trustee’s allocation of such moneys among the funds and accounts maintained under the Indenture.

Allocation of Property Taxes (Determination of RPTTF Deposits)

Agency (RPTTF) Portion Generally

Each fiscal year, the County Auditor-Controller deposits into the RPTTF the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved – formerly known as tax increment, which is based on assessed values of the property in the Project Area on the last equalized roll as of August 20. Such allocation of taxes is determined pursuant to Article 6 of Chapter 6 of the Redevelopment Law (commencing with Section 33670 of the California Health and Safety Code), Section 16 of Article XVI of the California State Constitution and the Redevelopment Plan (see “INTRODUCTION – Project Area” and “– Security for Bonds”).

Pursuant to the Redevelopment Law, the State Constitution and the Redevelopment Plan, taxes levied upon taxable property in each Component Area (*i.e.*, the Original Area and the Added Area) by or for the benefit of the State, the County, the City, any district or other public corporation (collectively, “taxing agencies” or “taxing entities”) for each fiscal year commencing after the effective date (the “Effective Date”) of the Original Plan Ordinance and the Added Area Ordinance, as applicable (see “INTRODUCTION – Project Area”), are divided as follows:

1. *To taxing agencies:* That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in such Component Area, as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency, last equalized prior to the Effective Date, are allocated to and when collected paid to the respective taxing agencies as taxes by or for such taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency or taxing agencies which did not include such territory on the Effective Date but to which such territory has been annexed or otherwise included after such Effective Date, the

assessment roll of the County last equalized on the Effective Date is used in determining the assessed valuation of the taxable property in such territory on the Effective Date); and

2. *To Former Agency/Successor Agency (i.e., deposit into RPTTF under the Dissolution Act):* Except for the taxes which are attributable to a tax rate levy by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, or an increase in tax rate imposed for the benefit of a taxing agency the levy of which occurs after the tax year in which the ordinance approving the Component Area became effective but only to the extent the taxing agency has elected in the manner required by law to receive such allocation, which is allocated to, and when collected, paid to such taxing agency, that portion of such levied taxes each year in excess of the amount provided in paragraph (1) above, are allocated to and, when collected, paid into a special fund of the Former Agency (or, now, to the RPTTF of the Successor Agency) to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Former Agency (and the Successor Agency) to finance or refinance, in whole or in part, redevelopment of the Project Area.

Before the Former Agency's dissolution, the portion of property taxes described in paragraph numbered (2) constituted tax increment allocable to the Former Agency of which the Former Agency was authorized to make pledges to repay indebtedness incurred in carrying out the Redevelopment Plan, subject to the limitations set forth in the Redevelopment Plan. After the Former Agency's dissolution, pursuant to the Dissolution Act, such property tax revenues are now deposited into the RPTTF. California Health and Safety Code Section 34172 clarifies that, for purposes of Section 16 of Article XVI of the State Constitution, the RPTTF is deemed to be a special fund of the Former Agency for payment of debt service on indebtedness of the Former Agency incurred to finance or refinance the redevelopment projects.

Elimination of Housing Set-Aside; Housing DDA Obligation Fund

As discussed under "INTRODUCTION – Security for Bonds – *Elimination of Housing Set-Aside Under Dissolution Act; Housing DDA Obligation*," the Dissolution Act has eliminated the Housing Fund. None of the property tax revenues deposited in the RPTTF is designated as the Housing Set-Aside. The RPTTF flow of funds under the Dissolution Act makes no distinction between obligations that were, in whole or in part, payable from the Housing Set-Aside and those that were payable solely from the 80 Percent Portion. The Prior Loans were secured and payable solely from the 80 Percent Portion. The Housing DDA Obligation, in an amount up to \$3.5 million pursuant to the Housing DDA for the Avena Bella, an affordable housing project, is a significant outstanding obligation which was intended to be paid out of the Housing Set-Aside. Pursuant to the agreement of the Avena Bella Developer and the Former Agency (as succeeded by the Successor Agency), the Housing DDA Obligation will be paid upon satisfaction of certain development progress. The Successor Agency currently expects to pay the Housing DDA Obligation during calendar year 2017, from a combination of funds on hand and moneys from RPTTF disbursements covered by ROPS 16-17.

Pursuant to the Indenture, a Housing DDA Obligation Fund will be established and will be funded from the following three sources: (i) an amount not exceeding \$775,000 from the June 2016 RPTTF disbursement, (ii) an amount not exceeding \$965,000 from the January 2017 RPTTF disbursement and (iii) an amount not less than \$1,760,000 from funds that the Successor Agency on hand from RPTTF disbursements received before June 2016. Moneys to be deposited in the Housing Obligation Fund will be used for Housing DDA Obligation. Pursuant to the definition of Tax Revenues (see "Pledge of Tax Revenues" above), the pledge securing the Bonds excludes moneys in the Housing DDA Obligation Fund.

The Successor Agency has other outstanding obligations which, when incurred by the Former Agency, were intended to be paid from the Housing Set-Aside. These other obligations are payable over time and in significantly smaller amounts relative to the Housing DDA Obligation. The Successor Agency expects that there will be sufficient moneys available from the RPTTF to pay the debt service on the Bonds and these other obligations. Pursuant to the Indenture, the Bonds will have a senior lien on the Tax Revenues unaffected by these other obligations.

Pass-Through Payments

Pursuant to the Indenture, Tax Revenues pledged to the Bonds will not include amounts payable to affected taxing entities, commonly known as “pass-through payments,” except to the extent a taxing entity has agreed to subordinate such payment to the Bonds. Before the Former Agency’s dissolution, the Former Agency was responsible for making the pass-through payments to the taxing agencies from the tax increment disbursed by the County Auditor-Controller. After the Former Agency’s dissolution, the County Auditor-Controller makes these pass-through payments to the taxing agencies directly on each January 2 and June 1 from funds available in the RPTTF, before making disbursements from the RPTTF to the Successor Agency. As described below, a taxing entity may agree to subordinate its pass-through payment to the debt service on the Bonds. If the Successor Agency reports to the County Auditor-Controller, by no later than December 1 or May 1, as applicable, that an upcoming RPTTF disbursement is expected to be insufficient to cover bond debt service during the relevant ROPS Payment Period, and if the County Auditor-Controller concurs with the existence of such insufficiency, then the Successor Agency’s administrative costs allowance will be deducted first to cover such insufficiency. If such deduction to the administrative costs allowance is not still enough, deductions will be made from pass-through payments, but only to the extent that a taxing entity had previously agreed to such subordination. See “RPTTF Flow of Funds.” Also see “TAX REVENUES AND DEBT SERVICE COVERAGE.”

Section 33676 Tax Sharing Agreements. For redevelopment project areas established before January 1, 1994, California Health and Safety Code Section 33676 allows taxing entities to receive additional property taxes in a redevelopment project area above the base year revenue amount. Such payments are based on annual increases in the real property portion of the base year value up to the inflation limit of two percent. The Original Area was established in November 1993, while the ordinance adding the Added Area was adopted in July 1996.

With respect to the Original Area, three taxing entities have elected to receive their respective proportionate shares of the tax increment by the yearly two percent inflation increase in the base year roll pursuant to California Health and Safety Code Section 33676: (i) the City of Turlock, (ii) the Turlock Fire Protection District, and (iii) Turlock Unified School District (which is comprised of the former the Turlock Joint Elementary School District and the former Turlock Joint Union High School District).

Negotiated Pass-Through Agreements. In connection with Original Area, the Former Agency entered into four pass-through agreements (together, the “Pass-Through Agreements”): (i) an agreement with the County, dated as of December 7, 1993 (the “County Agreement”); (ii) an agreement with the Mosquito Abatement District (the “Mosquito District”), dated as of November 15, 1993 (the “Mosquito District Agreement”); (iii) an agreement with the Stanislaus County Office of Education (the “SCOE”), dated as of December 14, 1993 (the “SCOE Agreement”); and (iv) an agreement with the Yosemite Community College District (the “YCCD”), dated as of December 3, 1993 (the “YCCD Agreement”).

Under each Pass-Through Agreement, the taxing entity (*i.e.*, the County, the Mosquito District, the SCOE and the YCCD, respectively) has agreed to subordinate the payments it receives under the Pass-Through Agreement (the “Negotiated Pass-Through Payments”) to the bonds of the Former Agency (and now the Successor Agency), if the taxing entity receives evidence that is reasonably satisfactory to the

taxing entity which demonstrate that projected property tax revenues with respect to the Project Area will be sufficient to cover the full payment of the Negotiated Pass-Through Payments and such bond debt service.

The Successor Agency sent written notification in July 2016 to each of the County, the Mosquito District, the SCOE and the YCCD to confirm the subordination of the related Negotiated Pass-Through Payments to the Bonds. The Successor Agency stated its intention to issue the Bonds, and provided tables showing the estimated coverage between (i) the expected annual deposit into the RPTTF on the one hand and (ii) the sum of the estimated debt service on the Bonds and the Negotiated Pass-Through Payments on the other. The County, the Mosquito District, the SCOE and the YCCD have confirmed such subordination. The projected Tax Revenues shown in Tables 9 and 10 under “TAX REVENUES AND DEBT SERVICE COVERAGE” reflect the subordination of the Negotiated Pass-Through Payments to the Bonds.

See “APPENDIX B – UFI REPORT REGARDING ASSESSED VALUATION AND TAX REVENUES – Pass-Through Agreements” for a summary of the Negotiated Pass-Through Payments under each Pass-Through Agreement.

AB 1290 Payments. California Health and Safety Code Section 33607.5 and Section 33607.7 (the “Tax Sharing Statutes”) were added to the Redevelopment Law by Assembly Bill 1290 (“AB 1290”), enacted by the State Legislature in 1994. Section 33607.7 was further amended by SB 211, Chapter 741, Statutes of 2001. The Tax Sharing Statutes, together, require that taxing entities receive an additional portion of tax increment revenues otherwise payable to the redevelopment agency (the “AB 1290 Payments”), if such taxing entities were affected by: (i) the adoption on or after January 1, 1994, of a new redevelopment plan for a project area or an amendment to an existing redevelopment plan that added territory to a project area, or (ii) the adoption on or after January 1, 1994 of an amendment (to an existing redevelopment plan) which extends the time limit on incurring debt with respect to the project area, extends the time limits for the duration and effectiveness of the redevelopment plan or the time limit for establishing indebtedness, or increases the dollar cap on the amount of tax increment revenues allocable to the redevelopment agency for the project area (unless a taxing entity already receives pass-throughs under an existing agreement). AB 1290 prohibited redevelopment agencies from entering into any new pass-through agreements.

Because Ordinance No. 906, which added the Added Area, was adopted by the City Council of the City on July 9, 1996, the Former Agency made AB 1290 Payments with respect to the Added Area. After the Former Agency’s dissolution, the County Auditor–Controller makes the AB 1290 Payments directly to the taxing agencies from the RPTTF in accordance with the applicable provisions of the Redevelopment Law, as those provisions read on January 1, 2011. See “RPTTF Flow of Funds” below. See “APPENDIX B – UFI REPORT REGARDING ASSESSED VALUATION AND TAX REVENUES” for a discussion regarding the formula pursuant to which AB 1290 Payments are calculated.

The Dissolution Act provides a procedure under which a successor agency may request taxing agencies to subordinate their AB 1290 Payments to refunding bonds issued by the Successor Agency under Health and Safety Code Section 34177.5, before the issuance of such refunding bonds. For each such subordination request, the Successor Agency must provide the affected taxing entity with substantial evidence that sufficient funds will be available to pay both the debt service on the proposed refunding bonds and the AB 1290 Payments due to such taxing entity. The taxing entity may disapprove such subordination request only if the taxing entity finds, based upon substantial evidence, that the Successor Agency will not be able to pay the bond debt service payments and the AB 1290 Payments to such taxing entity. If the taxing entity does not act within 45 days after receipt of the Successor Agency’s request, the request to subordinate will be deemed approved and be final and conclusive. With respect to the Bonds, the Successor Agency sent a written request on July 27, 2016, to each affected taxing entity to subordinate its AB 1290

Payments to the Bonds. As of the date of this Official Statement, the Successor Agency has received no objection from any taxing entity regarding such subordination. For the coverage shown in Tables 9 and 10 under "TAX REVENUES AND DEBT SERVICE COVERAGE," the projected Tax Revenues reflect that the AB 1290 Payments have been subordinated to the Bonds

RPTTF Flow of Funds

The Dissolution Act establishes a specific flow of funds for the County Auditor-Controller's administration of the RPTTF. Under Health and Safety Code Section 34183, the County Auditor-Controller, after deducting certain administrative costs due to the County, allocates moneys in the RPTTF as follows:

- (i) No later than each January 2 and June 1, subject to certain adjustment for subordinated pass-throughs as permitted under the Dissolution Act, the County Auditor-Controller remits to each local agency and school entity, to the extent applicable, amounts required for pass-through payments that such taxing agency would have received under the relevant provisions of the Redevelopment Law, as those sections read on January 1, 2011, or pursuant to any pass-through agreement between a redevelopment agency and a taxing entity that was entered into prior to January 1, 1994 (see "Pass-Through Payments" above). The pass-through payments are computed as though the requirement to set aside funds for the Housing Fund was still in effect.
- (ii) On each January 2 and June 1, the County Auditor-Controller disburses to the Successor Agency the amount approved by the DOF (see "Recognized Obligation Payment Schedules" below) for payments listed on the Successor Agency's ROPS for the applicable ROPS Payment Period (*i.e.*, the six month fiscal period commencing on January 1 or July 1), with debt service payments scheduled to be made for tax allocation bonds having the highest priority. The Successor Agency is permitted, however, to hold a reserve when required by the relevant bond indenture or when the next property tax allocation will be insufficient to pay bond debt service for the next payment due in the following half of the calendar year.
- (iii) On each January 2 and June 1, the County Auditor-Controller also disburses the administrative cost allowance (as defined in the Dissolution Act) to the Successor Agency.
- (iv) On each January 2 and June 1, any moneys remaining in the RPTTF (the "RPTTF Residual") after the payments and transfers described in subparagraphs (i) through (iii), inclusive, are distributed to local agencies and school entities in accordance with the provisions of the Dissolution Act.

The Dissolution Act requires the County Auditor-Controller to provide to the Successor Agency estimates of the amount of property tax revenues to be allocated to the RPTTF in the upcoming six-month ROPS Payment Period no later than October 1 and April 1, respectively. If the Successor Agency determines that the amount to be allocated to the RPTTF and the other moneys available from funds previously transferred from the Former Agency and through asset sale or other operations are insufficient to fund the payments required by subparagraphs (i) through (iii) above, then the Successor Agency may make a report (a "RPTTF Shortfall Report") to the County Auditor-Controller, who will in turn notify the DOF and the State Controller. Upon verification and concurrence from the State Controller that there are insufficient funds to pay the required debt service, the County Auditor-Controller will make an adjustment to the upcoming disbursement from the RPTTF as follows:

- (a) First, the amount of the deficiency will be deducted from the RPTTF Residual described in subparagraph (iv) above,
- (b) Second, if the RPTTF Residual is exhausted, deductions will be made from amounts available for distribution as the Successor Agency’s administrative cost allowance described in subparagraph (iii) above,
- (c) Third, if a taxing agency had subordinated its pass-through payments under a pass-through agreement or pursuant to the provisions of the Redevelopment Law or the Dissolution Act to debt service payments required for enforceable obligations, funds for servicing such bond debt will be deducted from such pass-through payments.

See “Pass-through Payments” above regarding the affected taxing entities’ subordination of the pass-through payments to the Bonds. As shown on the projections shown in Tables 9 and 10 under “TAX REVENUES AND DEBT SERVICE COVERAGE,” the Successor Agency does not anticipate the necessity of any RPTTF Shortfall Report while the Bonds are outstanding.

Recognized Obligation Payment Schedules

Listing of Enforceable Obligations and Sources of Funds. Starting with the ROPS which covers the period commencing July 1, 2016 until such time as an LFROPS has been approved by the DOF (see “*Last and Final ROPS*” below”), the Successor Agency must prepare a ROPS once a year, listing the payments for enforceable obligations that the Successor Agency is expected to make for the upcoming two ROPS Payment Periods (*i.e.*, the six-month fiscal period commencing January 1 and July 1, respectively).

The Dissolution Act contains a specific definition for “enforceable obligations.” As defined in the Dissolution Act, “enforceable obligations” include, among other types of obligations, tax allocation bonds (including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds) of the Former Agency or the Successor Agency.

The Dissolution Act provides that the ROPS must identify one of the following sources of funds for the payment of each listed enforceable obligation:

- (a) the Housing Fund (but see discussions under “SUCCESSOR AGENCY – Transfers to Housing Successor” and “– Due Diligence Reviews,” moneys that were on deposit in the Housing Fund, except for bond proceeds, have either been transferred to the housing successor or remitted to the County Auditor-Controller as the result of the due diligence review required by the Dissolution Act),
- (b) bond proceeds,
- (c) reserve balances (but see “SUCCESSOR AGENCY – Due Diligence Reviews”; regarding unobligated cash that was on deposit in the Former Agency’s accounts which would have been available for cash reserve but was, for the most part, remitted to the County Auditor-Controller as the result of the due diligence reviews),
- (d) Successor Agency’s administrative cost allowance (as defined in the Dissolution Act),

- (e) RPTTF (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or
- (f) other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Former Agency, as approved by the Oversight Board.

Pursuant to the Dissolution Act, the Successor Agency may only make those payments listed in the ROPS, as approved by the DOF. Generally, the Successor Agency may only make payments from the source of funds identified in the ROPS. However, the Successor Agency may make payments for enforceable obligations from sources other than those listed in the ROPS, if the Successor Agency obtains the Oversight Board's prior approval (and, consequently, the DOF's approval because such Oversight Board actions are subject to the DOF's review).

Timing for ROPS Submission and Approval. The Successor Agency must submit the ROPS to the Oversight Board for approval. No later than each February 1, the Successor Agency must submit the Oversight Board-approved annual ROPS to the County Auditor-Controller, the DOF and the State Controller. For each annual ROPS, the Dissolution Act requires the DOF to make a determination on the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than April 15. Within five business days of the DOF's determination, the Successor Agency may request additional review and an opportunity to meet and confer with the DOF on the disputed items. The DOF must notify the Successor Agency and the County Auditor-Controller regarding the outcome of its review at least 15 days before the upcoming June 1 RPTTF disbursement date (*i.e.*, May 15).

No later than October 1 of each year, the Successor Agency may submit one amendment to the annual ROPS previously approved by the DOF for the then current fiscal year. Such amendment may pertain only to a modification of the amount requested for an enforceable obligation for the second ROPS Payment Period of such ROPS (*i.e.*, the ROPS Payment Period from January 1 to June 30). The ROPS amendment must be approved by the Oversight Board. The DOF must notify the Successor Agency and the County Auditor-Controller regarding the outcome of the DOF's review at least 15 days before the upcoming January 2 RPTTF disbursement date (*i.e.*, December 18).

The Dissolution Act permits the County Auditor-Controller to review each submitted ROPS and object to the inclusion of any item that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The County Auditor-Controller must provide notice of any such objection to the Successor Agency, the Oversight Board, and the DOF at least 60 days before the next RPTTF disbursement date (*i.e.*, November 2 and April 2, respectively). If the Oversight Board disputes the finding of the County Auditor-Controller, it may refer the matter to the DOF for a determination.

Penalties for Failure to Submit on a Timely Basis. The Dissolution Act imposes penalties for the Successor Agency's failure to submit a ROPS on a timely basis. If the Successor Agency fails to submit a ROPS by the prescribed deadlines, the City (as the entity that created the Former Agency) will be subject to a civil penalty equal to \$10,000 per day for every day the ROPS is not submitted to the DOF. Furthermore, the DOF, any affected taxing entity and any creditor of the Successor Agency will have standing to file and may request a writ of mandate to require the Successor Agency to immediately perform this duty; provided that any such filing should be made in the County of Sacramento, California. Additionally, the Successor Agency's maximum administrative cost will be reduced by 25 percent if the Successor Agency does not submit a ROPS within ten days of the deadline for the ROPS submission.

If the Successor Agency fails to submit to the DOF an Oversight Board-approved ROPS that complies with the requirements of the Dissolution Act within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the County Auditor-Controller for payments of enforceable obligations from distribution to taxing entities, pending approval of the ROPS. Upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations, the County Auditor-Controller will distribute the portion that represents the RPTTF Residual (see "RPTTF Flow of Funds" above) to the affected taxing entities. The County Auditor-Controller will distribute the withheld funds to the Successor Agency only in accordance with a ROPS approved by the DOF. The Dissolution Act states that the County Auditor-Controller lacks the authority to withhold any other amounts from the allocations provided for under the provisions of the Dissolution Act governing the disbursements of funds from the RPTTF.

To date, the Successor Agency has submitted all ROPS filings on a timely basis to the DOF.

Last and Final ROPS. The Dissolution Act permits the Successor Agency to submit a Last and Final ROPS (or "LFROPS") at any time on or after January 1, 2016, to the Oversight Board and the DOF for approval. Pursuant to the template provided by the DOF, the Successor Agency must list on the LFROPS the enforceable obligations, the amounts of the payments and the source of payments for each six month ROPS Payment Period up to the date of the last payment by the Successor Agency. Before filing an LFROPS, the Successor Agency must meet the following conditions:

- (i) the remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules,
- (ii) all remaining obligations have been previously listed on a ROPS and approved by the DOF, and
- (iii) the Successor Agency is not a party to any outstanding or unresolved litigation.

The DOF will have 100 days to review an LFROPS submitted for approval. If the DOF approves the LFROPS, the LFROPS will establish the maximum amount of RPTTF to be distributed to the Successor Agency for each remaining fiscal year until the approved obligations have been fully paid.

After the DOF approves an LFROPS, the LFROPS will become effective on the first day of the immediately next ROPS Payment Period (*i.e.*, the following January 1 or July 1, as applicable); provided that if LFROPS is approved less than 15 days before the date next RPTTF Disbursement Date (*i.e.*, the following January 2 or June 1), then the LFROPS will not become effective until the subsequent ROPS Payment Period. Upon the LFROPS taking effect, the Successor Agency will no longer have to submit any further annual ROPS. The County Auditor-Controller will make distributions from the RPTTF to the Successor Agency pursuant to the LFROPS until the aggregate amount of property tax allocated to the Successor Agency equals the total outstanding obligation approved in the LFROPS. Any revenues, interest

and earnings of the Successor Agency not authorized for use pursuant to the DOF-approved LFROPS and all proceeds from the disposition of real property subsequent to the approval of the LFROPS will be remitted to the County Auditor-Controller for distribution to the affected taxing entities.

After the DOF's approval of the LFROPS, the Successor Agency may submit no more than two requests to amend the LFROPS. Each amendment request must be approved by the Oversight Board before submission to the DOF. The DOF will then have 100 days to approve or deny the request.

After the effective date of a DOF-approved LFROPS, resolutions adopted by the Oversight Board will become effective without additional submission and approval by the DOF, with the exception of resolutions relating to refunding bonds, long range property management plans, amendments to LFROPS or dissolution of the Successor Agency.

Application of Tax Revenues Under the Indenture

Under the Indenture, the Trustee will establish and hold a Debt Service Fund, and within the Debt Service Fund, the following accounts: the Interest Account, the Principal Account, the Sinking Account and the Reserve Account. On or before the fifth Business Day immediately preceding any Interest Payment Date, the Successor Agency will be required to withdraw from the Special Fund (see "Pledge of Tax Revenues" above) and deposit with the Trustee the amounts necessary for the Trustee to make the following deposits into the accounts of the Debt Service Fund in the following order of priority:

- (a) Deposit into the Interest Account an amount required for the payment of interest coming due on the Outstanding Bonds on such Interest Payment Date;
- (b) Deposits into the Principal Account – (i) on or before each March 1, one-half of the principal coming due on the Outstanding Serial Bonds, if any, on September 1 of the same calendar year; provided, that if the Successor Agency has transferred to the Trustee a different amount based on the Successor Agency's receipt of the Principal Reserve (see "Pledge of Tax Revenues"), then the Trustee will deposit such different amount into the Principal Account; and (ii) on or before each Principal Payment Date, an amount of money which, together with any money already contained in the Principal Account, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on such Principal Payment Date;
- (c) Deposits into the Sinking Account – (i) on or before each March 1, one-half of the Sinking Account Installment coming due on September 1 of the same calendar year; provided, that if the Successor Agency has transferred to the Trustee a different amount based on the Successor Agency's receipt of the Principal Reserve (see "Pledge of Tax Revenues"), then the Trustee will deposit such different amount into the Principal Account; and (ii) on or before each Principal Payment Date, an amount of money which, together with any money already contained in the Principal Account, is equal to the Sinking Account Installment, if any, coming due on such Principal Payment Date.

After the above deposits have been made and, upon notice from the Trustee, the Successor Agency must withdraw from the Special Fund and deposit with the Trustee the amount necessary to restore the balance in the Reserve Account to an amount equal to the Reserve Requirement for the Outstanding Bonds (see "Reserve Account" below). No deposit need be made in the Reserve Account so long as the amount in the Reserve Account is equal to the Reserve Requirement for the Outstanding Bonds.

See [“APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Tax Revenues; Creation of Funds – *Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund.*”]

Reserve Account

The Trustee will maintain a Reserve Account within the Debt Service Fund. The Reserve Account will be held for the equal benefit of the Owners of all of the Outstanding Bonds. As defined in the Indenture, the “Reserve Requirement” will be, as of any calculation date, an amount equal to the least of: (i) ten percent of the sum of the original stated principal amounts of the Bonds at issuance, (ii) 125 percent of Average Annual Debt Service, or (iii) Maximum Annual Debt Service. Upon the issuance of the Bonds, the Reserve Requirement will be \$_____. Amounts on deposit in [or credited to] the Reserve Account upon the issuance of the Bonds will be sufficient to satisfy such initial Reserve Requirement.

Amounts in the Reserve Account will be used and withdrawn by the Trustee for the purpose of making transfers to the Interest Account, the Principal Account and Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts. So long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be transferred to the Debt Service Fund, or upon the written request of the Successor Agency, released to the Successor Agency for any lawful purpose.

The Indenture provides that the Reserve Requirement may be satisfied at any time, in whole or in part, by a “Qualified Reserve Account Credit Instrument” that meets the criteria set forth in the Indenture. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument, the Trustee will release moneys then on hand in the Reserve Account to the Successor Agency, to be used for any lawful purpose, in an amount equal to the face amount of the Qualified Reserve Account Credit Instrument.

See [“APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Tax Revenues; Creation of Funds – *Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund – Reserve Account.*”]

Limitation on Additional Bonds (for Refunding Only)

The Successor Agency will covenant to not issue bonds or incur other debt (“Obligations”) that will be payable, either as to principal or interest, from the Tax Revenues that will have any lien upon the Tax Revenues that will be superior to the lien for the Bonds under the Indenture. The Successor Agency may incur Obligations that will be payable from, and secured by a lien on and pledge of, Tax Revenues on a parity with the Bonds (the “Parity Obligations”) to refund then outstanding Bonds (or Parity Obligations issued after the issuance date of the Bonds), but only if: (i) the aggregate debt service on such proposed Parity Obligations will be lower than the aggregate debt service on the Bonds (or Parity Obligations) being refunded, (ii) the scheduled final maturity date of any such proposed Parity Obligations will be no later than the scheduled final maturity date of the Bonds or other Parity Obligations being refunded; and (iii) the issuance of such Parity Obligations must be in compliance with Health and Safety Code Section 34177.5 (but only to the extent that such provision of the Dissolution Act is applicable and then in effect). The Successor Agency may incur Obligations which will have a lien on Tax Revenues junior to the Bonds, or issue and sell or other obligations that will be payable in whole or in part from sources other than the Tax Revenues pledged under the Indenture.

SUCCESSOR AGENCY

Former Agency

The City Council of the City activated the Former Agency on October 18, 1977 with the adoption of Ordinance No. 313-CS, pursuant to the Redevelopment Law. Under that Ordinance, the City Council declared itself to be the governing body of the Former Agency. The City Manager served as the Former Agency's Executive Director, and many other staff members of the City also functioned as staff members of the Former Agency. However, the Former Agency was a separate public body from the City.

Establishment of Successor Agency

As described under "INTRODUCTION – Dissolution of Former Agency; Establishment of Successor Agency," pursuant to AB XI 26 (which was enacted as part of the State's 2011 Budget Act) and the California Supreme Court's decision in the CRA Lawsuit, the Former Agency was dissolved as of February 1, 2012, and the Successor Agency was constituted. Upon the Former Agency's dissolution, all of the Former Agency's assets, properties, contracts, leases, books and records were transferred to the control of the Successor Agency by operation of law.

The Successor Agency is tasked with winding down the affairs of the Former Agency. Many Successor Agency's actions are subject to the prior approval, or the direction of the Oversight Board. See "Oversight Board" below. The Successor Agency is required to continue to make payments for enforceable obligations (as defined under the Dissolution Act) and to prepare ROPS at the times prescribed by the Dissolution Act, listing the payments for enforceable obligations that the Successor Agency is expected to make for each six-month ROPS Payment Period. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Recognized Obligation Payment Schedules." California Health and Safety Code Section 34173(e) states that the liability of the Successor Agency, acting pursuant to the powers granted under the Dissolution Act, is limited to the extent of the total sum of property tax revenues it receives pursuant to the Dissolution Act and the value of assets transferred to it as the Successor Agency of the Former Agency.

The Successor Agency will continue to exist until all enforceable obligations have been paid. The Dissolution Act provides that the Successor Agency will submit to the Oversight Board a request to formally dissolve the Successor Agency after all of the enforceable obligations have been retired or paid, all real property has been disposed, and all outstanding litigation has been resolved. The Oversight Board must approve such request within 30 days. After the Oversight Board's approval, the request must be submitted to the DOF. The DOF will have 30 days to approve or deny such request. When the DOF has approved the request, the Successor Agency must take the final steps pursuant to the Dissolution Act within 100 days of the DOF notification to dissolve the Successor Agency. Such final steps include the disposition of any remaining assets and the transfer of all such disposition proceeds to the County Auditor-Controller for disbursement to the taxing entities.

Administration and Personnel

Pursuant to the Dissolution Act, the City Council of the City adopted Resolution No. 2012-009 on January 10, 2012, and elected for the City to serve as the Successor Agency. On February 14, 2012, the City Council further adopted Resolution No. 2012-023, recognizing the constitution of the Successor Agency pursuant to the Dissolution Act and establishing a Board of Directors, consisting of the members of the City Council of the City, to be the governing board for the Successor Agency. As clarified by California Health and Safety Code Section 34173(g), the City and the Successor Agency are separate entities and are not merged as a result of the City's election to serve as the Successor Agency. Neither the

assets nor the liabilities of the Former Agency are transferred to the City by virtue of the City's election to serve as the Successor Agency.

The members of the Board of Directors of the Successor Agency (being members of the City Council of the City) and their terms of office are shown below:

<u>Member</u>	<u>Term Expires</u>
Gary Soiseth, <i>Chair</i>	November 2018
Amy Bublak, <i>Vice Chair</i>	November 2016
William DeHart, Jr.	November 2018
Matthew Jacob	November 2018
Steven Nascimento	November 2016

The City Manager and the Administrator Services Director of the City serve as the Executive Director and the Finance Director, respectively, of the Successor Agency. The City Clerk is the Agency Secretary. The City Attorney serves as the Successor Agency's General Counsel.

Oversight Board

Pursuant to the Dissolution Act, a seven-member Oversight Board has been established. The Oversight Board has fiduciary responsibilities to the taxing agencies that benefit from distributions of the RPTTF Residual under the Dissolution Act (see "SECURITY AND SOURCES OF PAYMENT FOR BONDS – RPTTF Flow of Funds) and, at the same time, holders of enforceable obligations.

Members of the Oversight Board include one member appointed by the largest special district by property tax share within the territorial jurisdiction of the Former Agency, one member appointed by the County Superintendent of Schools, one member appointed by the Chancellor of the California Community Colleges to represent the local community college districts, two members (with one being a member of the public) appointed by the County Board of Supervisors, one member appointed by the Mayor of the City and one member representing employees of the Former Agency. The Dissolution Act provides that, starting July 1, 2018, the current Oversight Board will be replaced, such that there will be only one oversight board for all of the successor agencies in the County.

The Dissolution Act specifies that certain Successor Agency actions must first be approved by the Oversight Board, including among others:

- (i) The establishment of new repayment terms for outstanding loans where the terms have not been previously specified (subject to restrictions set forth in the Dissolution Act regarding the re-establishment of loan agreements between the Successor Agency and the City);
- (ii) The issuance of bonds or other indebtedness or the pledge or agreement for the pledge of property tax revenues (formerly tax increment) pursuant to California Health and Safety Code Section 34177.5(a) (see "AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT");
- (iii) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding bonds; and
- (iv) Establishment of the ROPS (see "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Recognized Obligation Payment Schedules").

The Dissolution Act also specifies that the Oversight Board must direct the Successor Agency to take certain actions which, among others, include:

- (a) Dispose of all assets and properties of the Former Agency (see, however, “Disposition of Real Properties; Long Range Property Management Plan” below);
- (b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations;
- (c) Determine whether any contracts, agreements, or other arrangements between the Former Agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the Oversight Board for its approval, upon which the Oversight Board may approve any amendments to or early termination of those agreements, if it finds that amendments or early termination would be in the best interests of the taxing entities (but see “AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT – Expiration of Challenge Period” regarding the prohibition on certain unilateral actions by the Oversight Board relating to the Bonds after the issuance of the Bonds).

All actions taken by the Oversight Board must be adopted by resolution. With limited exceptions, an Oversight Board resolution is not effective unless it has been approved, or deemed approved, by the DOF in accordance with the provisions of the Dissolution Act.

Transfers to Housing Successor

Pursuant to the Dissolution Act, the City Council adopted Resolution No. 2012-009, on January 10, 2012, electing for the City to become the “housing successor” and assumed the housing function of the Former Agency. Subsequently, the Successor Agency transferred to the City, as the housing successor, the assets identified in a Housing Asset List (which was submitted to, and modified by the DOF). Outstanding obligations which were payable from the Housing Set-Aside, as approved by the Oversight Board and the DOF pursuant to the ROPS, remain to be enforceable obligations of the Successor Agency payable from the RPTTF.

Due Diligence Reviews

Pursuant to the Dissolution Act, the Successor Agency was required to retain independent accountants to conduct two reviews, known as due diligence reviews (each, a “DDR”) – one for the Housing Fund and the other for all of the other funds and accounts (the “Other Funds”) – to determine the unobligated balance (the “Unobligated Balance”), if any, of the Housing Fund and the Other Funds, as of June 30, 2012. Legally restricted funds (including bond proceeds), value of assets that are not cash or cash equivalents (such as land and equipment) and amounts that are needed to satisfy obligations listed an approved ROPS were excluded from the Unobligated Balance.

Pursuant to the DDRs, as reviewed and modified by the DOF, the Successor Agency remitted the determined Housing Fund Unobligated Balance and Non-Housing Funds Unobligated Balance to the County Auditor-Controller for distribution to the taxing agencies. Because the Successor Agency has made such remittances as required by the DOF, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a “Finding of Completion” to the Successor Agency on April 26, 2013. Upon receipt of such Finding of Completion, the Successor Agency is authorized to proceed with actions permitted under certain provisions of the Dissolution Act, such as the submission of a Long Range Property Management Plan (see below).

Real Property Disposition; Long Range Property Management Plan

Generally under Health and Safety Code Sections 34177(e) and 34181(a) of the Dissolution Act, the Successor Agency is required, at the direction of the Oversight Board, to dispose of the assets and properties of the Former Agency expeditiously and in a manner aimed at maximizing value (except that the Oversight Board may give other directions regarding the transfer of certain government use properties to a public jurisdiction as permitted by the Dissolution Act and regarding the transfer of properties that is required by enforceable obligations). Proceeds from asset sales that are no longer needed for approved development projects or to otherwise wind down the affairs of the Former Agency, each as determined by the Oversight Board, are to be transferred to the County Auditor-Controller for distribution to taxing agencies.

However, the requirements for such expeditious asset disposition were suspended and are superseded if the DOF approved a Long Range Property Management Plan for the Successor Agency before January 1, 2016. The Long Range Property Management Plan contains an inventory of the real property interests of the Former Agency and addresses the proposed use or disposition of each property interest under one of four categories: (i) retention for governmental use, (ii) retention for future development, (iii) disposition by sale, and (iv) fulfillment of an enforceable obligation. On October 20, 2015, the DOF issued a letter approving the Successor Agency's Long Range Property Management Plan.

Audited Financial Statements

Before the enactment of the Dissolution Act, the Former Agency retained independent auditors to prepare a report of the Former Agency's audited financial statements for each fiscal year ended June 30, separate and apart from the report of City's audited financial statements.

The Dissolution Act provides that a post-audit of the financial transactions and records of the Successor Agency must be made at least annually by a certified public accountant. Starting with the reporting related to fiscal year 2012-13, no separate component unit financial statements were prepared for the Successor Agency. Instead, the financial transactions for the Successor Agency were reported as part of the City's audited financial statements. A copy of the City's Annual Financial Report for Fiscal Year Ended June 30, 2015 (the "FY 2014-15 City Audited Financials"), prepared by the accounting firm of Maze & Associates (the "Auditors"), is attached as Appendix C to this Official Statement. The Successor Agency has not requested nor obtained permission from the Auditors to include the FY 2014-15 City Audited Financials as part of Appendix C to this Official Statement. The Auditors have not performed any post-audit review of the financial condition or operations of the City or the Successor Agency for the purposes of this Official Statement.

The inclusion of the Successor Agency's financial transactions in the FY 2014-15 City Audited Financials is solely for convenience. As previously discussed in this Official Statement, the Dissolution expressly clarifies that the Successor Agency is a separate legal entity from the City. The assets and the liabilities of the Former Agency have been transferred to the Successor Agency. The assets and liabilities of the Successor Agency are not assets and liabilities of the City.

PROJECT AREA

Redevelopment Plan

The Project Area has two Component Areas: the approximately 2,245 acres Original Area and the approximately 2,073 acres Added Area. The City Council adopted the Redevelopment Plan establishing the Turlock Redevelopment Project (consisting of the Original Area) by Ordinance No. 834 on November 23, 1993. The Original Area includes areas located in the County. The Redevelopment Plan was amended on November 1, 1994 by Ordinance No. 863, to bring the Redevelopment Plan into conformance with the limitations then imposed by Health and Safety Code Section 33333.6, following the adoption of AB 1290 (see "SECURITY AND SOURCES OF PAYMENT FOR BONDS — Pass-Through Payments – *AB 1290 Payments*"). On July 9, 1996, by Ordinance No. 906, the City Council amended the Redevelopment Plan to add the Added Area. Because the Project Area includes unincorporated territory located in the County, the Board of Supervisors of the County adopted Ordinance No. CS-251, authorizing the Former Agency to redevelop such unincorporated territory.

Pursuant to prior law, the Redevelopment Plan contained certain limits (the "Plan Limits") with respect to each Component Area including: the duration of the Redevelopment Plan effectiveness, the last date on which the Former Agency may incur debt or receive tax increment to repay debt, the maximum dollar of bonded debt that may be outstanding at any one time and the maximum aggregate tax increment which the Former Agency may receive. Amendments to the Dissolution Act, which were enacted in September 2015, provide that, for the purpose of payment of enforceable obligations, such as the Prior Loans and the Bonds, the Successor Agency is not subject to the Plan Limits.

Assessed Value

The table below sets forth the assessed values for the Project Area and the two Component Areas for the fiscal years shown.

Table 1
TURLOCK REDEVELOPMENT PROJECT
Assessed Valuation
Fiscal Years 2012-13 through 2016-17

Fiscal Year	Component Area	Secured	Unsecured	Total Assessed Value ⁽¹⁾	Total AV % Change from Prior FY
2012-13:					
	Original Area	\$695,448,339	\$43,908,091	\$739,356,430	-2.15%
	Added Area	577,028,592	56,305,085	633,333,677	-2.29%
	Project Area total:	<u>\$1,272,476,931</u>	<u>\$100,213,176</u>	<u>\$1,372,690,107</u>	-2.22%
2013-14:					
	Original Area	\$701,015,327	\$47,208,986	\$748,224,313	1.20%
	Added Area	596,069,683	56,576,618	652,646,301	3.05%
	Project Area total:	<u>\$1,297,085,010</u>	<u>\$103,785,604</u>	<u>\$1,400,870,614</u>	2.05%
2014-15:					
	Original Area	\$752,558,300	\$50,535,738	\$803,094,038	7.33%
	Added Area	623,498,038	61,326,383	684,824,421	4.93%
	Project Area total:	<u>\$1,376,056,338</u>	<u>\$111,862,121</u>	<u>\$1,487,918,459</u>	6.21%
2015-16					
	Original Area	\$796,507,506	\$52,515,291	\$849,022,797	5.72%
	Added Area	662,954,221	59,946,281	722,900,502	5.56%
	Project Area total:	<u>\$1,459,461,727</u>	<u>\$112,461,572</u>	<u>\$1,571,923,299</u>	5.65%
2016-17:					
	Original Area	\$851,274,272	\$60,290,800	\$911,565,072	7.37%
	Added Area	707,324,152	63,911,248	771,235,400	6.69%
	Project Area total:	<u>\$1,558,598,424</u>	<u>\$124,202,048</u>	<u>\$1,682,800,472</u>	7.05%

(1) [To be confirmed: Stated assessed value is \$0.00 for all of the years shown] "Total Assessed Value" equals the sum of "Secured Value" and "Unsecured Value."

Source: Urban Futures, Inc., based on information from the Stanislaus County Auditor-Controller Office.

Land Use

Set forth below is a summary of the land uses in the Project Area based on the 2016-17 County secured property tax roll.

**Table 2
TURLOCK REDEVELOPMENT PROJECT
Land Uses**

Land Use	Number of Parcels	FY 2016-17 Secured Assessed Value	Percent of Secured Assessed Value
Single Family Residential			
Industrial			
Commercial			
Multifamily Residential			
Agricultural			
Governmental/Institutional/Other			
Vacant			
Total:			

Source: Urban Futures, Inc., based on information from the Stanislaus County Auditor-Controller Office.

Property Ownership

The table below shows the top ten property owners of the Project Area, based on the aggregate secured assessed value of the property or properties owned.

**Table 3
TURLOCK REDEVELOPMENT PROJECT
Top Ten Property Owners
(Based on Secured Assessed Value)**

	Property Owner	Land Use	FY 2016-17 Secured Assessed Value	Percent of Secured Assessed Value⁽¹⁾	Percent of Incremental Value⁽¹⁾
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
	Total:				

(1) Based on fiscal year 2016-17 secured assessed valuation of \$_____.

Source: Urban Futures, Inc., based on information from the Stanislaus County Auditor-Controller Office.

The brief descriptions below of the top taxable property owners (by secured assessed value) in the Project Area, is compiled from information that is publicly available information or previously provided by such property owners. The Successor Agency has not independently verified such information and makes no representation as to the accuracy or completeness thereof. None of the property owners has reviewed the following description.

California Dairies Inc. California Dairies, Inc. (“CDI”) is the largest member-owned dairy marketing and processing cooperative in California, and one of the largest dairy processing cooperative in the United States. CDI started as the result of the 1999 merger of three dairy cooperatives; California Milk Producers, Danish Creamery and San Joaquin Valley Dairymen. All three cooperatives date back to the turn of the 20th century. CDI is co-owned by approximately 400 California producers who ship 17 billion pounds (7.7 million metric tons) of milk annually. Member dairies are located from San Diego County in the south to Sacramento County in the north. CDI is the sole owner of Challenge Dairy Products, Inc., offering two well-known brands of butter — Challenge and Danish Creamery. CDI is a shareholder in DairyAmerica, which markets milk powders in the U.S. and internationally. CDI’s products are sold all across 50 states are exported to more than 50 foreign countries. CDI’s facilities in the City produce milk powders and a variety of different consumer size packages of butter and had approximately 215 employees in such facilities as of December 2014.

Sensient Technologies. Sensient Natural Ingredients (“SNI”), formerly Sensient Dehydrated Flavors, is a business unit of Sensient Technologies Corporation, a global manufacturer and marketer of colors, flavors and fragrances. Sensient Technologies Corporation uses advanced technologies to develop specialty food and beverage systems, cosmetic ingredients, pharmaceutical excipients, inkjet and specialty inks and colors, and other specialty and fine chemicals. SNI is headquartered in the City. SNI primarily manufactures and distributes flavorings and other products for the food processing, food service, and beverage industries (specializing in dehydrated onion and garlic products as well as chili powder, paprika, chili pepper and dehydrated vegetables such as parsley, celery and spinach, and also makes flavors for condiments, dairy products, gravies, marinades and beverages). SNI has a 300,000 square foot distribution center, an approximately 200,000 square foot warehouse showroom and administrative offices in the City, employing approximately 135 people as of December 2014.

Foster Farms. Foster Farms is one of the largest poultry producers in the Western United States. The company has been privately owned and operated by the Foster family since 1939. Foster Farms opened its facility in the City to process turkeys in 1982, when the company bought the property of The Grange Company and its branch, Valchris Poultry. In 1999, the company purchased the former Butterball Turlock processing facility in the City to expand its operations. These two acquisitions positioned Foster Farms as a significant regional producer of a myriad of turkey based products all produced under the Foster Farms name. The facility in the City produces many value-added products such bologna, poultry franks and luncheon meats and corn dogs. In addition to its processing facility, Foster Farms owns and operates a feed mill, commodities facility and has recently added a turkey hatchery in the City to support its poultry and turkey operations. Foster Farms has approximately 1,720 employees at its facilities in the City and is estimated to employ approximately 10,500 people across the United States. The company’s annual revenues are estimated to be approximately \$2.30 billion.

TAX REVENUES AND DEBT SERVICE COVERAGE

The following section presents a summary of the historical and projected assessed valuation and property tax revenues with respect to the Project Area, based on information provided by Urban Futures, Inc. ("UFI"), as Fiscal Consultant. The Successor Agency believes the assumptions upon which the projections are based are reasonable. However, some assumptions may not materialize and unanticipated events and circumstances may occur. See "RISK FACTORS." Some of the projections do not include an allowance for property tax appeals and related refunds or delinquencies by taxpayers. The actual amount of Tax Revenues available for debt service during the forecast period may vary from the projections and the variations may be material.

The Dissolution Act eliminated the term "tax increment" when referring to the portion of property tax revenues allocated and deposited into the RPTTF. However, at the same time, the Dissolution Act provides that the amount of deposit into the RPTTF each fiscal year is the amount of property taxes that would have been allocated to the Former Agency – *i.e.*, formerly, tax increment. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Allocation of Property Taxes (Determination RPTTF Deposits)." For convenience, the tables below continue to use the term "tax increment" when referring to the portion of property tax revenues derived from the Project Area that is allocable to the RPTTF.

Stanislaus County Tax Increment Calculation

The County Auditor-Controller is responsible for the aggregation of the taxable values assigned to property in the Project Area by the County Assessor as of the January 1 lien date. This aggregated value becomes total current year Project Area taxable value and the basis for determining the tax increment dollars. Although adjustments to taxable values for property within the Project Area may occur throughout the fiscal year to reflect escaped assessments, roll corrections, etc., such adjustments are not assumed on the projection of Tax Revenues below.

Secured taxes are due November 1 and February 1 in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10, respectively. Taxes on unsecured property are due March 1 and become delinquent August 31.

Stanislaus County calculates tax increment of redevelopment project areas on a tax rate area basis. A tax rate area is a geographic area that contains the same underlying taxing entities that levy a property tax. There are a total of 46 tax rate areas in the Original Area and 27 in the Added Area. Pursuant to Section 96.6(c)(1) of the California Revenue & Taxation Code, the County calculates tax increment only for those tax rate areas where the current year assessed value exceeds the base year value. If the base year value is higher, the County excludes it from the calculation of tax increment. Stanislaus County is the only county in the State that calculates tax increment in this way.

For fiscal year 2016-17, the Original Area had [six] tax rate areas (007-006, 007-008, 007-041, 007-050, 007-128 and 007-189) that have negative increment valuation. The aggregate base year assessed valuation (\$_____) and the aggregate current assessed value (\$_____) of those tax rate areas will not be included in the calculation of incremental assessed valuation for fiscal year 2016-17. For fiscal year 2016-17, the Added Area has [two] tax rate areas (007-166 and 007-195) that have a negative increment valuation. The base year assessed valuation (\$_____) and the current assessed value (\$_____) of those tax rate areas will not be included in the calculation of incremental assessed valuation for fiscal year 2016-17.

This has the impact of a higher amount of tax increment than that which would normally occur. For fiscal year 2016-17, UFI estimates that this will have the impact of increasing gross tax increment to the Project Area by approximately \$_____. Because the County is authorized under State law to calculate

tax increment in this way, UFI has also prepared calculations of tax increment to exclude all tax rate areas where the base year value exceeds the current year value.

In calculating tax increment, the County applies a “base year equivalent tax rate.” This tax rate is in excess of the standard one percent tax rate under Proposition 13. In UFI’s view, only the one percent tax rate should be applied to incremental value in the Project Area. For fiscal year 2016-17, UFI estimates that the County’s calculation will result in an additional \$_____ in tax increment for the Project Area, relative to a calculation using the one percent tax rate.

The County has implemented the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), which allows each entity levying property taxes in the County to draw on the amount of secured property taxes levied rather than the amount actually collected. As the result, for each fiscal year, the allocation of tax increment to the Former Agency before dissolution reflected, and the total deposit into the RPTTF after the Former Agency’s dissolution, reflected the total amount levied on the secured tax roll rather than actual collections. With respect to tax increment allocation each fiscal year before the Former Agency’s dissolution, the County Auditor-Controller generally made three annual disbursements to the Former Agency: the first in December or January consisting of approximately 55 percent of such fiscal year’s tax increment, the second in April or May consisting of approximately 40 percent of such fiscal year’s tax increment, and the third in July or August consisting of approximately five percent for true-up purposes. The County Auditor-Controller has informed the Successor Agency that this practice has essentially continued after the Former Agency’s dissolution: each January RPTTF disbursement is consisted of approximately 5 percent of “true-up” amount from the prior fiscal year, plus approximately 55 percent of the current fiscal year tax increment revenues, and each June RPTTF disbursement is consisted of approximately 40 percent of the current year fiscal year increment revenues. There is no assurance that the County will not terminate the Teeter Plan or change its practices thereunder at any time in the future. See “RISK FACTORS – Property Tax Delinquencies; Teeter Plan.”

Historical Assessed Valuation and Property Tax Revenues

Set forth below is a summary of the assessed values and tax increment for fiscal years 2012-13 through 2016-17 for the entire Project Area.

**Table 4
TURLOCK REDEVELOPMENT PROJECT
Historical Assessed Values and Gross Tax Increment
Fiscal Years 2012-13 to 2016-17**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Secured ⁽¹⁾					
Unsecured ⁽¹⁾					
State assessed ⁽¹⁾					
Total assessed value ⁽¹⁾					
Less: Base year value ⁽¹⁾					
Incremental value ⁽¹⁾					
Percent change from prior FY					
Gross Tax Increment					
Per County calculation ⁽²⁾					
If 1% rate were applied					

- (1) [Includes base year valuation of tax rate areas with positive increment only. See discussion under “Stanislaus County Calculation of Tax Increment.” Also see Table 1 under “PROJECT AREA – Assessed Value.”
- (2) Based on Stanislaus County’s application of base year equivalent tax rate. See discussion under “Stanislaus County Calculation of Tax Increment.”

Source: Urban Futures, Inc., based on information provided by Stanislaus County Audit-Controller.

Table 5
TURLOCK REDEVELOPMENT PROJECT
Net Tax Increment
Fiscal Years 2012-13 to 2016-17

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17⁽¹⁾</u>
Gross Tax Increment ⁽²⁾					
Less:					
County administrative fee					
Section 33676 payments ⁽³⁾					
Negotiated Pass-Throughs ⁽³⁾⁽⁴⁾					
AB 1290 Payments ⁽³⁾⁽⁴⁾					
Net Tax Increment					

- (1) Estimated, based on fiscal year 2016-17 assessed value.
(2) [Includes base year valuation of tax rate areas with positive increment only. See discussion under “Stanislaus County Calculation of Tax Increment.” Also see Table 1 under “PROJECT AREA – Assessed Value.”]
(3) See discussion under “SECURITY AND SOURCES OF PAYMENT FOR BONDS – Pass-Through Payments.”
(4) Shown regardless of subordination. Pursuant to actions taken by the Former Agency before the incurrence of the Prior Loans, all negotiated pass-through payments and the AB 1290 Payments [(except in one case, where the payment to the taxing entity is less than \$1 a year)] were subordinated to the debt service on the Prior Loans.

Source: Urban Futures, Inc., based on information provided by Stanislaus County Audit-Controller.

Assessed Value Appeals and Proposition 8 Adjustments

General. Pursuant to State law, property owners may apply for a reduction of their property tax assessment by filing a written appeal. After the applicant and the assessor have presented their arguments, the applicable local appeals board makes a final decision on the proper assessed value. The appeals board may rule in the assessor’s favor, rule in the applicant’s favor, or set its own opinion of the proper assessed value, which may be more or less than either the assessor’s opinion or the applicant’s opinion. Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date. A base year assessment appeal has significant future revenue impacts because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the two percent inflation factor, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Section 51 of the Revenue and Taxation Code permits a reduction (a “Proposition 8 Adjustment”) in the assessed value if the full cash value of the property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions

made under this code section may be initiated by the County Assessor or requested by the property owner. During the Great Recession (which began around 2007), the County Assessor's Office initiated proactive reviews of single family homes, condominiums, townhomes, multifamily and commercial and industrial properties, which resulted in Proposition 8 Adjustments for many properties in the County.

After a roll reduction is granted under Section 51, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

The taxable value of unitary property may be contested by utility companies and railroads to the State Board of Equalization. Generally, the impact of utility appeals is on the statewide value of a utility determined by the State Board of Equalization. As a result, the successful appeal of a utility may not impact the taxable value of a project area but could impact a project area's allocation of unitary property tax revenues.

Any assessment appeal that is pending or which may be filed in the future, if successful, will result in a reduction of the assessed value of the subject property. A reduction of assessed valuation due to appeals, if significant, and the resulting property tax refunds could adversely impact the amount of Tax Revenues available to pay debt.

Impact on Project Area Based on Appeals.

In connection with its delivery of the report (a copy of which is attached to this Official Statement as Appendix B), UFI researched the status of outstanding assessment appeals filed in the Project Area. Based on information obtained from the Stanislaus County Assessor's Office, UFI compiled the following information regarding assessment appeals outstanding as of _____, 2016 and a [four] year history (from _____, 201_ through _____, 201_) of allowed appeals, for the Project Area.

Table 6
TURLOCK REDEVELOPMENT PROJECT
Historical Assessment Appeals
For Closed Appeals from _____ 1, 201_ through _____, 2016

No. of Appeals Filed	No. of Successful Appeals	Assessed Value of Property	Owner's Opinion of Value	Total Reduction Requested	Reduction Allowed	Allowed Reduction as Percentage ⁽¹⁾
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(1) Equals "Reduction Allowed" divided by "Total Reduction Requested."

Source: Urban Futures, Inc. based on information from Stanislaus County Assessor's Office.

Based upon actual valuation reductions allowed by the Stanislaus County Appeals Board for the period from _____, 201_ through _____, 201_, UFI estimates that the current appeals pending (as of _____, 2016) could result in a valuation reduction of real property in the Project Area of approximately \$_____, which would then reduce gross tax increment (calculated based on one percent of incremental value) by \$_____.

Table 7
TURLOCK REDEVELOPMENT PROJECT
Potential Reduction of Assessed Value
Based on Outstanding Assessment Appeals as of _____, 2016

<u>Roll Year Appealed</u>	<u>No. of Appeals Outstanding</u>	<u>Assessed Value of Property</u>	<u>Owner's Opinion of Value</u>	<u>Total Requested Reduction</u>	<u>Historical Success Rate⁽¹⁾</u>	<u>Potential Reduction⁽²⁾</u>
<hr/>						
Total						

- (1) Based on UFI's review of closed appeals from _____, 20__ through _____, 20___. See Table ____.
- (2) Equals "Total Requested Reduction" multiplied by "Historical Success Rate."

Source: Urban Futures, Inc. based on information from Stanislaus County Assessor's Office.

The potential reduction of assessed value is shown above for reference only. The Successor Agency cannot give any assurance regarding the amount of reduction, if any, that will be actually be realized as the result of these pending appeals. Tables 9 and 10 below showing projected Tax Revenues and debt service coverage [do not] take into account any such potential reduction of assessed value based on these pending or any other potential future appeals. See the discussion under the heading "RISK FACTORS—Reduction in Taxable Value" and "– Effect of Assessment Appeals," as well as the UFI's report in Appendix B, for information regarding assessment appeals and reductions in taxable assessment valuation.

Historical RPTTF Allocations

The following table summarizes the dollar amount of property tax revenues from the Project Area that the County Auditor-Controller allocated to the RPTTF during the ROPS Payment Periods starting January 1, 2015 through December 31, 2016.

**Table 8
TURLOCK REDEVELOPMENT PROJECT
RPTTF Allocation
For Four ROPS Periods Starting January 2015 Through December 2016**

RPTTF Disbursement Date and ROPS Payment Period	Available RPTTF for Enforceable Obligations ⁽¹⁾
January 2, 2015 disbursement for ROPS Period from January through June 2015	\$2,988,489
June 1, 2015 disbursement for ROPS Period from July through December 2015	\$2,247,304
January 2, 2016 disbursement for ROPS Period from January through June 2016	\$3,037,880
June 1, 2016 disbursement for ROPS Period from July through December 2016	\$2,123,187

(1) Represents total RPTTF deposits after deduction of County administrative expenses and pass-through payments; see “SECURITY AND SOURCES OF PAYMENT FOR BONDS – RPTTF Flow of Funds.” Amount available for disbursement to Successor Agency for enforceable obligations listed on approved ROPS is based on such RPTTF allocation less County administrative expenses and pass-through payments. However, actual amount received by Successor Agency is based on the ROPS, as approved by the DOF approved ROPS.

Source: City of Turlock, based on information provided by Stanislaus County Audit-Controller Office.

Projected Tax Revenues; Coverage Projections

Table 9 shows the projected taxable valuation (assessed values) for the Project Area and the projected Tax Revenues from fiscal years 2016-17 to 2020-21, as provided by UFI. For Table 14 only, [UFI has assumed assessed value in the Project Area will increase by two percent each fiscal year, compounded annually. UFI has also assumed a reduction of secured value to be reflected on the fiscal year 2017-18 tax roll.] See “Assessed Value Appeals and Proposition 8 Adjustments – *Impact on Project Area Based on Appeals*” above.

Table 10 shows the projected coverage between the Tax Revenues and total debt service for the Outstanding Bonds, assuming no growth in assessed value after fiscal year 2016-17. While the Successor Agency believes that the assumptions used for the projected Tax Revenues and debt service coverage below are reasonable, the assessed values, and the Tax Revenues during the forecast period may vary from the projections and the variations may be material. Property value in the Project Area will be subject to the fluctuation of the real estate market throughout the term of the Bonds. There is no guarantee that the assessed value of the Project Area will continue to increase, or that it will never drop below the fiscal year 2016-17 level during the years before the final maturity of the Bonds. See “RISK FACTORS.”

Table 9
TURLOCK REDEVELOPMENT PROJECT
Projected Tax Revenues
Fiscal Years 2016-17 to 2020-21

Fiscal Year	Taxable Valuation ⁽¹⁾	Incremental Valuation ⁽²⁾	Tax Increment Revenues ⁽³⁾	County Admin. Charges & Unsubordinated Pass-Through Payments ⁽³⁾⁽⁴⁾	Deposit into Housing DDA Obligation Fund ⁽⁵⁾	Tax Revenues ⁽⁶⁾
2016-17						
2017-18						
2018-19						
2019-20						
2020-21						

-
- (1) Includes secured assessed value and unsecured assessed value. [Assumes taxable valuation (total assessed value) increase by two percent per year starting in fiscal year 2017-18. Does not take into account the potential result of any pending or future assessed valuation appeal or adjustment.] See "Assessed Value Appeals and Proposition 8 Adjustments" above.
 - (2) Equals "Taxable Valuation" minus \$ _____, the combined base year value for both Component Areas.
 - (3) Based on one percent of "Incremental Valuation."
 - (4) See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – RPTTF Flow of Funds" and "-- Pass-Through Payments."
 - (5) See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Pledge of Tax Revenues" and "-- Allocation of Property Taxes (Determination of RPTTF Deposits) – Elimination of Housing Set-Aide; Housing DDA Obligation Fund."
 - (6) Equals "Tax Increment Revenues" minus "County Administrative Charges and Pass-Through Payments" and minus "Deposit into Housing DDA Obligation Fund."

Source: Urban Futures, Inc.

Table 10
TURLOCK REDEVELOPMENT PROJECT
Estimated Debt Service Coverage – Assuming No Assessed Value Growth
(Comparing Tax Revenues and Scheduled Bonds Debt Service)

FY Ending (June 30)	Tax Revenues ⁽¹⁾⁽²⁾	Bond Debt Service ⁽³⁾	Debt Service Coverage ⁽⁴⁾
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
Total ⁽⁵⁾			

(1) Calculated based on estimated fiscal year 2016-17 Tax Increment Revenues from Table 9, with no further assessed value growth assumed.

(3) Based on scheduled debt service for the corresponding Bond Year, assuming no optional redemption prior to maturity.

(4) Equals "Tax Revenues" divided by "Bonds Debt Service."

(5) Total may not add due to rounding.

Source: by Urban Futures, Inc.

RISK FACTORS

Investment in the Bonds involves elements of risk. The following section describes certain specific risk factors affecting the payment and security of the Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors not discussed under this caption will not become material in the future.

Reduction in Taxable Value

The projected Tax Revenues shown in this Official Statement are based on certain assumptions. See “TAX REVENUES AND DEBT SERVICE COVERAGE – Projected Tax Revenues; Coverage Projections.” No assurances can be given that the assessed value of properties in the Project Area will never fall below the values estimated for the projections shown in Tables 9 through 10 and the UFI’s report attached in Appendix B.

Property values, and correspondingly, assessed values are impacted by many factors which are beyond the Successor Agency’s control. The residential property markets in many areas of the State have experienced significant boom, downturn and recovery during the two decades. See Tables 1 and 2 under “PROJECT AREA” regarding the recent assessed value of the Project Area during the past five fiscal years and the land use of the properties in the Project Area. With respect to industrial and commercial properties, periodic improvement and reinvestment are generally required to maintain their value. The willingness of an owner to upgrade and maintain such property depends on many factors, including vacancy rate (for rental properties) and the financial health of the businesses operated on such property. The Successor Agency has not undertaken to assess the financial conditions of the current owners or occupants of the properties within the Project Area or make inquiries into the means by which such owners financed their properties. Property value and development growth in the Project Area will be subject to the fluctuation of the real estate market throughout the term of the Bonds.

In addition to the general real estate market fluctuation, a relocation out of the Project Area by one or more major property owners, the discovery of hazardous substances on a property within the Project Area (see “Hazardous Substances” below) or the complete or partial destruction of property caused by, among other possibilities, an earthquake, flood or other natural disaster (see “Natural Disasters” below or any other event which would permit a reassessment of property at lower values), could cause a reduction in the assessed value of properties in the Project Area. Future initiatives or legislation may be approved by the electorate or the legislature which would further limit the increase of assessed value of a property or reduce the tax rate applicable to the property, and could cause a reduction in the Tax Revenues. See “PROPERTY TAXATION IN CALIFORNIA.” Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. [The projections set forth in Tables 9 and 10 and in the Report in Appendix B [do not] an estimated reduction based on any pending or future appeals.] See “TAX REVENUES AND DEBT SERVICE COVERAGE – Assessed Value Appeals and Proposition 8 Adjustments.” A reduction of assessed valuation that causes a decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Successor Agency’s ability to make timely repayments on the Bonds.

Natural Disasters

The value of the property in the Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on the property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides, fire storms and floods and climatic conditions such as droughts. If one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and property value in the Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties could affect the ability or willingness of the property owners to pay the property taxes.

Seismic

According to the City's most recent General Plan (adopted in 2012), there are no known geologic faults in the City or in the valley portion of the County. Nearest are the Bear Mountain and Melones faults in the eastern part of the County, which have been inactive for the last 150 million years, and the Tesla Ortigalita fault in the Diablo Range. Two potentially active faults have been identified in the San Joaquin Valley. The San Joaquin Fault, lying close to Interstate 5, about 18 miles west of the City, is a Late Quaternary fault that shows displacement during the last 700,000 years. The Vernalis Fault, lying about 20 miles northwest of the City is thought to belong to the Quaternary Period with displacement sometime during the past 1.6 million years. Like any other place in the San Joaquin Valley, the City could be impacted by earthquakes along faults in other parts of the region and elsewhere in the State.

Because there are no known active faults within or near the City, the greatest seismic hazard is the structural danger posed by groundshaking from earthquakes originating outside of the area. A maximum-intensity earthquake would be capable of causing considerable damage in ordinary structures, and in turn, potentially causing injuries, loss of life, and property damage. Most masonry structures in the City's downtown area were built in the 1920s, well before the adoption of stricter building requirements imposed in 1933. However, these structures, many of which have unoccupied second floors, have withstood the test of time defined by the State's Historical Building Code, and no action is planned to bring them up to current building code standards. All new buildings in the City must meet the seismic requirements of the Uniform Building Code.

Flooding

Flood risk is a consequence of rainfall characteristics, topography, water features, vegetation and soil coverage, impermeable surfaces, and urban stormwater management infrastructure. While there are rivers in the vicinity of the City, the only water features within the City are irrigation canals, stormwater detention ponds and small freshwater ponds. No part of the City is within either a 100-year or 500-year flood plain designated by the United States Federal Emergency Management Agency. Due to its flat terrain, the City can occasionally experience shallow flooding after heavy rainfall in the winter months. Although major flooding is not anticipated, as agricultural and open space lands are converted to urban uses, there will be an increase in stormwater runoff from additional impervious surfaces. To minimize those impacts, the City's General Plan policies seek to manage stormwater runoff, through the permitting process, good stormwater management practices, and the construction of drainage basins.

Even though a previous General Plan reported that the New Don Pedro Dam presented a potential flooding hazard in the case of maximum water releases, the City's most recent 2012 General Plan reports that, according to the current dam inundation hazard mapping by the California Emergency Management Agency, the General Plan's Study Area (which includes the City and certain surrounding areas) is to entirely

outside the Dam Inundation Area for New San Pedro Dam. An area in the far southwest of the Study Area falls within the Dam Inundation Area for New Exchequer Dam, located on the Merced River in Mariposa County. This dam, completed in 1967, holds back just over one million acre-feet of water in Lake McClure. Large-scale inundation could be called by dam failure resulting from extreme storm, earthquake, or erosion of the embankment and foundation.

The County and cities within the County have prepared a Multi-Jurisdictional Hazard Mitigation Plan, which identifies actions that will be taken to respond to flood-related emergencies in the event that flooding occurs.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition at the property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Property Tax Delinquencies; Teeter Plan

The Successor Agency does not have any independent power to levy and collect property taxes. As discussed under “TAX REVENUES AND DEBT SERVICE COVERAGE – Stanislaus County Calculation of Tax Increment,” the County has implemented a Teeter Plan which allows each entity levying property taxes in the County to draw on the amount of secured property taxes levied rather than the amount actually collected. So long as the Teeter Plan is in effect, the amount of the property tax revenues to be deposited into the RPTTF will not be affected by taxpayers’ delinquency in payment secured property taxes. However, the County is entitled at any time, and could be required under certain circumstances, to terminate its Teeter Plan with respect to all or part of the local agencies. If the Teeter Plan is terminated, then the amount of the property tax revenues to be deposited into the RPTTF will reflect actual collections, without protection from the Teeter Plan.

The payment of the property taxes and the ability of the County to foreclose on the lien of delinquent unpaid property tax may be limited or delayed by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. Although bankruptcy proceedings would not cause the lien of the property tax to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale of tax sale proceedings, thereby delaying such proceedings perhaps for an extended period. Further, should remedies be exercised under the federal bankruptcy laws, payment of the property tax may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the property tax in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding. If the Teeter Plan is terminated in the future, the property tax revenues to be deposited into the RPTTF may be impacted, if the County’s ability to collect property tax revenues is affected by such bankruptcy, insolvency or other proceedings generally affecting creditors’ rights or judicial foreclosure proceedings.

Successor Agency Powers and Resources Limited

The Successor Agency is created pursuant to the Dissolution Act to wind down the affairs of the Former Agency. Its powers are limited to those granted under the Dissolution Act. It does not have any legal authority to participate in redevelopment activities, except to complete work related to enforceable obligations, as defined in the Dissolution Act. Many Successor Agency actions are subject to the review or the direction of the Oversight Board and the DOF, and in some cases, the County Auditor-Controller and the State Controller. California Health and Safety Code Section 34173(e) states that that the liability of the Successor Agency, acting pursuant to the powers granted under the Dissolution Act, is limited to the extent of the total sum of property tax revenues it receives pursuant to the Dissolution Act and the value of assets transferred to it as a Successor Agency for the Former Agency. See “SUCCESSOR AGENCY.”

Prior to dissolution, the Former Agency retained funds on hand, accumulated from prior years, that were available for use if short-term cash flow issues arose. In the event of a delay in the receipt of tax increment in any given year, the Former Agency could (though it was not obligated to) use such other available funds to make payments on the bonds when due. Under the Dissolution Act, the Successor Agency is required to seek prior approval from the Oversight Board (and, therefore, the DOF because most Oversight Board actions are subject to DOF’s review) in order to pay an enforceable obligation from a source of funds that is different from the one identified on the ROPS. As the result of procedures already completed under the Dissolution Act, such as the due diligence reviews (see “SUCCESSOR AGENCY – Due Diligence Reviews”), the Successor Agency virtually has no alternative resources available to make payment on enforceable obligations, if there is a significant delay with respect to scheduled RPTTF disbursements or if the amount from RPTTF disbursements is not sufficient for the required payment on the enforceable obligations.

Even though the City has elected to serve as the Successor Agency, the Dissolution Act expressly clarifies that the City and the Successor Agency are separate public entities. The liabilities of the Former Agency are not transferred to the City by virtue of the City’s election to serve as the Successor Agency. The liabilities of the Successor Agency are not the liabilities of the City.

In any event, the pledge for the Bonds is limited to the property tax revenues of the Project Area allocated to the Successor Agency’s RPTTF and certain funds created under the Indenture, as provided in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR BONDS.” No other funds are liable for the Bonds.

Recognized Obligation Payment Schedules

As discussed under “SECURITY AND SOURCES OF PAYMENT FOR BONDS – Recognized Obligation Payment Schedules,” the Successor Agency is required to prepare and submit the ROPS at the prescribed times to the Oversight Board and the DOF for review. The County Auditor-Controller is authorized to only distribute moneys to the Successor Agency from the RPTTF in accordance with a ROPS approved by the DOF. The Successor Agency is authorized to use funds only pursuant to an enforceable obligation listed on a ROPS approved by the Oversight Board and the DOF. See “AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT” regarding limitations pursuant Health and Safety Code Section 34177.5(f) with respect to the DOF’s review of scheduled payments for the Bonds included in future ROPS.

The Dissolution Act provides the ROPS must be submitted to the DOF at the times prescribed by the Dissolution Act. If the Successor Agency fails to submit to the DOF an Oversight Board-approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, the DOF may determine if the County Auditor-Controller should withhold any RPTTF amount for payments for enforceable obligations from distribution to taxing entities, pending DOF’s approval of the ROPS. If the Successor Agency indeed fails to submit to the DOF an Oversight

Board-approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, and the DOF does not provide notice to the County Auditor-Controller to withhold funds, it is unclear whether the County Auditor-Controller will disburse all of the funds then in the RPTTF to the taxing agencies pursuant to the Dissolution Act provisions relating to RPTTF Residual. The Dissolution Act provides very limited authority to the County Auditor-Controller to withhold RPTTF funds from disbursements to taxing agencies.

The Successor Agency has covenanted in the Indenture to include debt service for the Outstanding Bonds on the appropriate ROPS, so as to enable the County Auditor-Controller to include, as part of the RPTTF disbursements to the Successor Agency, the amount of Tax Revenues necessary to pay debt service for the Outstanding Bonds.

Future Implementation of Dissolution Act

The Successor Agency's timely receipt of RPTTF disbursements to pay enforceable obligations, including the Bonds, is dependent upon the coordination with, and the implementation of, the Dissolution Act procedures by the DOF and the County Auditor-Controller. While each of the Successor Agency, the DOF, the County Auditor-Controller, and other affected parties coordinate to implement and fulfill the requirements of the Dissolution Act, the Successor Agency cannot give any assurances that future interpretation of specific provisions of the Dissolution Act or their implementation will not affect the timing and amount of RPTTF disbursements to the Successor Agency.

Numerous lawsuits have been filed pertaining to the DOF's implementation of various provisions of the Dissolution Act. Some are still pending. A lawsuit (the "Syncora Lawsuit") was filed by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") on August 12, 2012, with the Superior Court of California in the County of Sacramento, *Case No. 34-2012-80001215*. Syncora is the municipal bond insurer for a number of bond insurance policies for outstanding bonds issued by former California redevelopment agencies. Syncora alleged that the Dissolution Act, and specifically the "Redistribution Provisions" (including California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because such provisions unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation. The Syncora Lawsuit was brought as a petition for writ of mandate and complaint for declaratory relief, inverse condemnation and injunctive relief. On May 29, 2013, the Court entered a ruling. The Court (1) denied Syncora any form of relief requested in the Complaint and Petition on its impairment of contracts claims, on the ground that those claims were premature, as no evidence was submitted by Syncora that any redevelopment agency bonds it insures are in default or that any redevelopment agency bonds are in default at all; and (2) held that Syncora's takings claims are not necessarily premature, that an evidentiary hearing should be conducted to address such claims, and that the parties should file status reports with the Court addressing certain issues in connection with such evidentiary hearing. On August 16, 2013, the parties filed with the Court a proposed stipulated judgment which dismisses Syncora's impairment of contract claims and takings claims without prejudice on grounds of prematurity. The stipulated judgment, as proposed by the parties, was entered on October 3, 2013.

The Successor Agency cannot predict the outcome of any pending or future lawsuit with respect to the interpretation, the implementation or the validity of any provision of the Dissolution Act, including the provisions under which the Bonds are issued. The Successor Agency believes that the federal and State Constitutions clauses regarding contract impairments and takings provide protection to the bondholders of

the Bonds in the event of any lawsuit concerning provisions affecting the validity and payment on bonds issued under the Dissolution Act. However, the outcome of any such lawsuit is beyond the Successor Agency's control.

State Budget

Two of the key bills that comprise the Dissolution Act, AB X1 26 and AB 1484, were enacted by the State Legislature and signed by the Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively, with the intention to transfer cash assets held by redevelopment agencies to cities, counties, and special districts to fund core public services and with assets transferred to schools offsetting State general fund costs. Most of the provisions of SB 107 (containing the most recent significant amendments to the Dissolution Act) were also initially presented as part of AB 113, a trailer bill to the fiscal year 2015-16 State Budget, even though SB 107 was eventually enacted in September 2015, several months after the adoption of the State Budget. There can be no assurance that legislation affecting successor agencies or Tax Revenues will not be enacted to implement provisions in connection with the State budget needs or other reasons in the future.

The Successor Agency expects, but cannot guarantee, that the processes for the funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Tax Revenues in accordance with the Indenture and will effectively result in adequate Tax Revenues for the timely payment of principal of and interest on the Bonds when due.

Information about the State budget and State spending is available at various State maintained websites. Text of the enacted State Budget for fiscal year 2016-17 and other documents related to the State budget may be found at the websites maintained by the State Department of Finance, www.dof.ca.gov and <http://www.ebudget.ca.gov/>. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

The full text of each State Assembly bill cited above and other bills pending before the State Senate or State Assembly may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: <http://leginfo.legislature.ca.gov/faces/billSearchClient.xhtml>.

None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Successor Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Bankruptcy Risks; Enforceability of Remedies

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases. The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary

exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and, consequently, may entail risks of delay, limitation, or modification of their rights.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption

Compliance by Successor Agency. In order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Successor Agency has covenanted to comply with the applicable requirements of Section 148 and certain other sections of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as hedge bonds or private activity bonds, among other things. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds as a result of acts or omissions of the Successor Agency in violation of these covenants. See “CONCLUDING INFORMATION – Tax Matters.”

Future Legislation or Court Decisions. Legislation affecting the tax exemption of interest on the Bonds may be considered by the United States Congress and the State legislature. Federal and state court proceedings and the outcome of such proceedings could also affect the tax exemption of interest on the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax exemption of interest on the Bonds or the market value of the Bonds.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedure

In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against the unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of creation of the other liens.

Secured property and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes in the case of delinquency: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder’s office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling the personal property,

improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, on or about June 30 of the fiscal year, property on the secured roll on which taxes are delinquent is declared to be in default by operation of law and declaration of the tax collector. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5 percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county tax collector.

The valuation of property is determined as of the January 1 lien date each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Unsecured property taxes become delinquent if not paid by August 31.

A bill enacted in 1983, Senate Bill 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property upon the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next January 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to 16 months. As enacted, Chapter 498 provides increased revenue to redevelopment agencies, to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, Agency revenues may increase.

In 1990, the State Legislature enacted Senate Bill 2557 (Statutes of 1990, Chapter 466) ("SB 2557") which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. California courts have upheld the inclusion of redevelopment agencies as a local government agency which must share the cost of property tax administration. The 1992 enactment of Senate Bill 1559 (Chapter 697) and the decision of the California Court of Appeal in *Arcadia Redevelopment Agency v. Ikemoto* have clarified that redevelopment agencies, such as the Former Agency, are to share in the cost of property tax administration charged by most California counties, including the County. The Dissolution Act provides that before disbursement of moneys from the RPTTF to the Successor Agency, the County Auditor-Controller is entitled to make a deduction for the purposes of the County administrative costs under Section 95.3 of the Revenue and Tax Code.

Unitary Property

Assembly Bill 454 (Statutes of 1987, Chapter 921) ("AB 454") provides the method of reporting and allocating property tax revenues generated from most State-assessed unitary properties (consisting mostly of the properties of public utilities, and inter-county pipelines, flumes, canals, ditches and aqueducts). Under AB 454, the State reports to each county auditor-controller only the county-wide unitary taxable value of each utility, without an indication of the distribution of the value among tax rate areas. AB 454 provides two formulas for auditor-controllers to use in order to determine the allocation of unitary property taxes generated by the county-wide unitary value, which are: (i) for revenue generated from the one percent tax rate, each jurisdiction is to receive up to 102 percent of its prior year unitary property tax increment revenue; however, if county-wide revenues generated from unitary properties are greater than 102 percent of prior year revenues, each jurisdiction receives a percentage share of the excess unitary revenues equal to the percentage of each jurisdiction's share of secured property taxes; (ii) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each

jurisdiction is to receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes.

The provisions of AB 454 apply to all State-assessed property, except railroads and non-unitary properties, the valuation of which will continue to be allocated to individual tax rate areas. AB 454 allows, generally, valuation growth or decline of State-assessed unitary property to be shared by all jurisdictions within a county.

Effective January 1, 2007, ABX 2670 changed the method of assessing unitary railroad property. Before ABX 2670, the assessed value of unitary railroad property was allocated to individual tax rate areas within a county where the property is located. ABX 2670 has converted this method of assessment for railroad property to the countywide system. The new method involves establishing a single countywide tax rate area within each county to which the assessed value of specified unitary property of a regulated railroad company would be allocated. Revenues derived from the tax on this value are allocated among local entities in the county pursuant to a specified formula. ABX 2670 also requires, with respect to a "qualified facility" as defined in Revenue and Taxation Code Section 100.11, that 80 percent of the value of the facility and the revenues derived from taxing this value be allocated on a countywide basis, while the remaining 20 percent of this value and resulting revenues be allocated exclusively to the local tax rate areas in the county in which the property is located.

Article XIII A of California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the "full cash value" of property to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII A was adopted in October 1986 by initiative which exempts from the one percent limitation any taxes levied to pay bonded indebtedness approved by two-thirds (55 percent in certain instances) of the votes cast by voters for the acquisition or improvement of real property.

On September 22, 1978, the California Supreme Court upheld Proposition 13 over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases.

In subsequent elections, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, does not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment has reduced local property tax revenues. Other amendments permitted the Legislature to authorize the transfer of a property's assessed value to a replacement property under certain conditions, such as for residences of persons over 55 years old, for residences of severely disabled homeowners and for contaminated property. Other amendments have

excluded certain improvements from the definition of “new construction,” such as seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies.

Challenges to Article XIII A. California trial and appellate courts have upheld the constitutionality of Article XIII A’s assessment rules in three significant cases. The United States Supreme Court, in an appeal to one of these cases, upheld the constitutionality of Article XIII A’s tax assessment system. The Successor Agency cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Successor Agency’s receipt of Tax Revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation. Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100 percent of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100 percent of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, two percent annual value growth) is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility and railroad property assessed by the State Board of Equalization, which is allocated by a different method than the one discussed in this Official Statement.

Article XIII B of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution which has been subsequently amended several times. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The base year for establishing such appropriation limit is fiscal year 1986-87 and the limit is to be adjusted annually to reflect changes in population, cost of living and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Health and Safety Code, which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness, will not be deemed the receipt by the redevelopment agency of proceeds of taxes levied by or on behalf of the redevelopment agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency of the City of Santa Ana*, which cases were not accepted for review by the California Supreme Court.

Proposition 87

Under prior State law, if a taxing entity increased its tax rate to obtain revenues to repay voter approved general obligation bonds, any redevelopment project area which included property affected by the tax rate increase would realize a proportionate increase in tax increment.

Proposition 87, approved by the voters of the State on November 8, 1988, requires that all revenues produced by a tax rate increase (approved by the voters on or after January 1, 1989) go directly to the taxing entity which increases the tax rate to repay the general obligation bonded indebtedness. As a result, with respect to tax rate increases approved on or after January 1, 1989, to repay voter approved general obligation debt, redevelopment agencies no longer receive an increase in tax increment.

Articles XIII C and XIII D of California Constitution

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain voter requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIII C of the California Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the California Constitution. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting Tax Revenues available for allocation to the RPTTF and to the Successor Agency for payment on the Bonds.

CONCLUDING INFORMATION

Underwriting

The Successor Agency and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) have entered into a bond purchase agreement (the “Purchase Agreement”). Under the Purchase Agreement, the Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a purchase price of \$ _____ (which is equal to the principal amount of the Bonds, [plus/less] net original issue [premium/discount] of \$ _____, and less an underwriter’s discount of \$ _____). The Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement. The Underwriter intends to offer the Bonds to the public initially at the prices set forth on the inside cover of this Official Statement, which prices may subsequently change without any requirement of prior notice.

Rating

Standard & Poor’s Global (“S&P”) has assigned an underlying rating of “___” to the Bonds [without giving effect to the Bond Insurance Policy. In addition, S&P is expected to assign a rating of

“_____” to the Bonds conditioned on the issuance by the Bond Insurer of the Bond Insurance Policy at the time of delivery of the Bonds. See “BOND INSURANCE.”] [Each of S&P’s ratings] reflects only the views of such organization and any explanation of the significance of such rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward, suspended or withdrawn entirely, if in S&P’s judgment, circumstances so warrant. Other than as described in the Continuing Disclosure Certificate, the Successor Agency takes no responsibility regarding either to bring to the attention of the Owners of the Bonds any revision, suspension or withdrawal of such ratings or to oppose any such revision or withdrawal. Any such downward, suspension, revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Absence of Litigation

There is no litigation pending and notice of which has been received by the Successor Agency or, to the Successor Agency’s knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indenture, the Escrow Agreement or any proceedings of the Successor Agency with respect thereto. To the knowledge of the Successor Agency, there are no lawsuits or claims pending against the Successor Agency which will materially impair the Successor Agency’s ability to pay principal of and interest on the Bonds when due.

Municipal Advisor

The Successor Agency has retained Urban Futures, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other securities public or otherwise.

Certain Legal Matters

All of the legal proceedings in connection with the authorization and issuance of the Bonds are subject to the approval of Richards, Watson and Gershon, A Professional Corporation, Bond Counsel. Bond Counsel’s final approving opinions with respect to the Bonds will be substantially in the form set forth in Appendix E of this Official Statement. Richards, Watson & Gershon also serves as Disclosure Counsel in connection with the preparation of this Official Statement. Certain legal matters will also be passed upon for the Successor Agency by the City Attorney of the City, acting as General Counsel to the Successor Agency. Certain legal matters will also be passed upon for the Underwriter, by Jones Hall, A Professional law Corporation, as Underwriter’s Counsel. Payment of the fee of Underwriter’s Counsel is contingent upon issuance of the Bonds.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issue. These requirements include, but are not limited to, provisions which limit how the proceeds of the Bonds may be spent and invested, and generally require that certain investment earnings be rebated on a periodic basis to the United States of America. The Successor Agency has made certifications and representations and has covenanted to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law and assuming the accuracy of such certifications and representations by the Successor Agency and compliance with such covenants, (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and (ii) the Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, interest on the Bonds is not a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond counsel expresses no opinion as to any other tax consequences regarding the Bonds.

Under the Code, a portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. The exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals eligible for the earned income tax credit. Bond Counsel will express no opinion regarding these and other such consequences.

Bond Counsel has not undertaken to advise in the future whether any circumstances or events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds, will not contain provisions which could eliminate, or directly or indirectly reduce the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes, or have an adverse effect on the market value or marketability of the Bonds.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Certain requirements and procedures contained or referred to in relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Richards, Watson & Gershon, A Professional Corporation.

If the issue price of a Bond (the first price at which a substantial amount of the bonds of a maturity are to be sold to the public) is less than the stated redemption price at maturity of such Bond, the difference constitutes original issue discount, the accrual of which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant yield method over the term of each such Bond and the basis of each Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Purchasers who acquire Bonds with original issue discount are advised that they should consult with their own independent tax advisors with respect to the state and local tax consequences of owning such Bonds.

If the issue price of a Bond is greater than the stated redemption price at maturity of such Bond, the difference constitutes original issue premium, the amortization of which is not deductible from gross income for federal income tax purposes. Original issue premium is amortized over the period to maturity of such Bond based on the yield to maturity of that Bond (or, in the case of a Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Bond), compounded semiannually. For purposes of determining gain or loss on the sale or other disposition of such Bond, the purchaser is required to decrease such purchaser's adjusted basis in such Bond by the amount of premium that has amortized to the date of such sale or other disposition. As a result, a purchaser may realize taxable gain for federal income tax purposes from the sale or other disposition of such Bond for an amount equal to or less than the amount paid by the purchaser for that Bond. A purchaser of that Bond in the initial public offering at the issue price for that Bond who holds it to maturity (or, in the case of a callable Bond, to its earlier call date that results in the lowest yield on that Bond) will realize no gain or loss upon its retirement.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a Bond is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Prospective purchasers of the Bonds should consult their own independent tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside front cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Successor Agency or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The

IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Successor Agency as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

A copy of the proposed form of Bond Counsel's final approving opinion with respect to the Bonds is attached hereto as Appendix E.

Continuing Disclosure

The Successor Agency has undertaken for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the Successor Agency and other data relating to the Project Area not later than nine months after the close of each fiscal year (which currently would be by March 31 each year based upon the June 30 end of fiscal year), commencing with the report for the 2015-16 fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices will be filed by the Successor Agency or its Dissemination Agent on behalf of the Successor Agency, with the Municipal Securities Rulemaking Board ("MSRB"). The specific nature of the information to be contained in the Annual Report or the notices of events is set forth in "APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE." This undertaking has been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

A failure by the Successor Agency to comply with the provisions of the Continuing Disclosure Certificate is not an event of default under the Indenture (although the holders and beneficial owners of the Bonds do have remedies at law and in equity). However, a failure to comply with the provisions of the Continuing Disclosure Certificate must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds. Therefore, a failure by the Successor Agency to comply with the provisions of the Continuing Disclosure Certificate may adversely affect the marketability of the Bonds on the secondary market.

Before the printing of this Official Statement, the Successor Agency requested Urban Futures, Inc. to conduct an examination (the "Examination") of the continuing disclosure filings by the Former Agency and the Successor Agency during the past five years (for the period ending _____, 2016). Pursuant to the Continuing Disclosure Certificates executed by the Former Agency in connection with the Prior Loans and the Prior Bonds, the Former Agency agreed to provide notices of the occurrence of certain enumerated events, as well as annual reports (containing audited financial statements and certain other information. From the Examination.....: *[to come]*

Except as noted above, the Examination found that the Former Agency and the Successor Agency materially complied with the relevant continuing disclosure undertakings in the last five years. The Successor Agency has taken steps to ensure future compliance with its continuing disclosure obligations in a timely manner. The City has adopted of a set of continuing disclosure procedures, which is applicable to the Successor Agency.

Miscellaneous

All summaries of the Dissolution Act, the Redevelopment Law, Indenture, the Redevelopment Plan and other applicable legislation, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement have been duly authorized by the Successor Agency.

**SUCCESSOR AGENCY TO THE
TURLOCK REDEVELOPMENT AGENCY**

By: _____
Executive Director

APPENDIX A

CITY OF TURLOCK GENERAL INFORMATION

The following information concerning the City of Turlock (the "City") and surrounding areas is included for informational purposes only. The information set forth in this Appendix has been obtained from sources that the City believes is reliable, but does guarantee as to the accuracy or completeness. The Bonds are special obligations of the Successor Agency payable from Tax Revenues pursuant to the Indenture. The Bonds are not a debt of the City, the State of California or any of its political subdivisions (other than the Successor Agency).

General

The City of Turlock (the "City") is located in Stanislaus County (the "County"), approximately half-way between Fresno and Sacramento on Highway 99 in the Central Valley, 107 miles east of San Francisco, 85 miles south of Sacramento, and 305 miles north of Los Angeles.

Originally established as a farming community in the 1850s, the City was incorporated in 1908 and is now the second largest city in the County (by population) covering 13.3 square miles and with a population of approximately 72,050, as of January 1, 2016. While agriculture still plays a major role, the City has an increasingly diverse economy with a variety of businesses and industry located in town.

The City operates as a general law city, with a Council-Manager form of government. The City Council is comprised of the Mayor and four council members all elected to four-year terms. On November 4, 2014, Ballot Measure A was placed before the City voters. Measure A, which passed with nearly 74 percent of qualified voters voting in favor of the measure, established electoral districts for the election of City Council members by districts and election of the Mayor of Turlock at-large as required by California State law. The City adopted Ordinance No. 1197-CS, pursuant to which City Council members of the two even-numbered districts will be elected by-district in November 2016 and Council members of the two odd-numbered districts will be elected by-district in November 2018. Only voters who live in a district will be eligible to vote in the election for Council member of that district. For fiscal year 2016-17, the City has budgeted for 347 salaried full time employees, compared to 343 that were budgeted for the 2015-16 fiscal year.

Population

The following table shows the estimated population growth for the City, the County and the State of California for the years shown.

**City of Turlock
City, County and State Population Growth⁽¹⁾
Calendar Years 2012-2016**

Calendar Year	City of Turlock	% Change from Prior Period	Stanislaus County	% Change from Prior Period	State of California	% Change from Prior Period
2012	69,546	0.78%	521,620	0.75%	37,881,357	0.92%
2013	70,004	0.66	525,811	0.80	38,239,207	0.94
2014	70,546	0.77	530,071	0.81	38,567,459	0.86
2015	71,327	1.11	534,902	0.91	38,907,642	0.88
2016	72,050	1.01	540,214	0.99	39,255,883	0.90

(1) As of January 1 of each year, with 2010 census benchmark.

Source: State of California Department of Finance.

City's Taxable Valuation

The following is a table showing the City's taxable valuation for the fiscal years shown. These figures are presented for historical comparison, with reference only to the time frame of the years shown.

**City of Turlock
Assessed Values of All Taxable Property
Fiscal Years 2012-13 through 2016-17**

<u>Fiscal Year</u>	<u>Secured Value</u>	<u>Unsecured Value</u>	<u>Total</u>	<u>Percent Change</u>
2012-13				
2013-14				
2014-15				
2015-16				
2016-17				

Source: Urban Futures, Inc, based on information provided by the Stanislaus County Auditor-Controller.

Construction Activity

The following table shows the number of construction permits issued in the City and the related values during the years shown below.

**City of Turlock
Construction Permits
Calendar Years 2011 through 2015**

<u>Calendar Year</u>	<u>Permits Issued</u>	<u>Residential Valuation</u>	<u>Commercial/ Industrial Valuation</u>	<u>Total Valuation</u>
2011	1,034	\$ 9,641,407	\$34,087,548	\$43,728,955
2012	999	15,719,653	22,932,429	38,652,082
2013	1,277	20,630,261	37,140,324	57,770,585
2014	1,431	30,240,904	48,018,372	78,259,276
2015	1,389	24,526,532	34,606,881	59,133,413

Source: City of Turlock

Employment

According to the State of California Employment Development Department, the July 2016 preliminary, estimated unemployment rates for the City, the County and the State were 8.0 percent, 8.9 percent and 5.9 percent, respectively. The following table shows certain employment statistics for the City and the County for calendar years 2011 through 2015.

**City of Turlock
City, County and State Employment Statistics
Calendar Years 2011 through 2015⁽¹⁾**

Year	City		Unemployment Rate	County	State
	Labor Force	Employed		Unemployment Rate	Unemployment Rate
2011	33,500	28,500	14.9%	9.5%	11.7%
2012	33,600	29,100	13.4	11.1	10.4
2013	33,600	29,700	11.6	12.9	8.9
2014	33,800	30,400	10.0	14.9	7.5
2015	33,900	31,000	8.5	9.5	6.2

(1) Not seasonally adjusted. March 2015 benchmark.

Source: State of California, Employment Development Department.

The top employers (by number of employees) located within the City are shown in the following table:

**City of Turlock
Largest Employers
As of December 2014**

Name of Employer	Activity	No. of Employees
Foster Farms	Poultry Processor	1,722
Emanuel Medical Center	Healthcare Facility	1,455
Turlock Unified School District	Education	1,451
California State University Stanislaus	Public University	998
Turlock Irrigation District	Water and Electric Utility	456
City of Turlock	City Government	334
WalMart	Retailer	324
Target	Retailer	235
Costco	Retailer	215
Mid-Valley Dairy	Dairy Products	215

Source: Turlock Chamber of Commerce.

Per Capita Personal Income

The following table shows the annual per capita personal income for the County, the State and the United States for the years shown.

Stanislaus County, California and the United States Per Capita Personal Income⁽¹⁾⁽²⁾ Calendar Years 2011 through 2015

Year	County	State	U.S.
2011	\$32,444	\$44,852	\$42,453
2012	34,029	47,614	44,266
2013	34,961	48,125	44,438
2014	36,356	49,985	46,049
2015	N/A	52,651	47,669

(1) Per capita personal income is total personal income divided by total midyear population.

(2) In current dollars, not adjusted for inflation.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, as of March 24, 2016.

Commercial Activity

The following table summarizes the annual volume of taxable transactions within the City for calendar years shown.

City of Turlock Taxable Transactions Calendar Years 2010 through 2014 (in Thousands of Dollars)

	2010	2011	2012	2013	2014
Retail and food services					
Motor vehicle and parts dealers	\$61,579	\$63,728	\$78,296	\$91,633	113,063
Home furnishings and appliances	16,105	14,156	15,460	15,128	15,237
Bldg matrl and garden equip and supplies	67,988	72,407	83,912	79,586	87,621
Food and beverage stores	45,316	47,620	51,044	48,425	48,258
Gasoline stations	117,390	149,652	149,812	147,258	142,517
Clothing and clothing accessories stores	34,572	36,305	42,418	50,893	55,887
General merchandise stores	211,072	212,468	219,621	220,447	226,942
Food services & drinking places	96,276	99,604	108,281	114,339	123,255
Other retail group	71,350	73,884	72,086	76,036	78,785
Subtotal⁽¹⁾	\$721,646	\$769,824	\$820,930	\$843,746	891,565
All Other Outlets	154,498	253,601	198,632	232,723	257,271
All Outlets⁽¹⁾	<u>\$876,144</u>	<u>1,023,425</u>	<u>\$1,019,562</u>	<u>\$1,076,470</u>	<u>1,148,835</u>

(1) Detail may not compute to total due to rounding.

Source: Compiled from data published by State of California Board of Equalization.

APPENDIX B

UFI REPORT REGARDING ASSESSED VALUATION AND TAX REVENUES

APPENDIX C

**CITY OF TURLOCK AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2015**

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF INDENTURE

APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon issuance and delivery of the Bonds, Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX G

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency does not take any responsibility for the accuracy thereof. The Successor Agency gives no assurances that (i) DTC, the Direct and Indirect Participants or others will distribute payments of principal, premium (if any) or interest with respect to the Bonds paid to DTC or its nominee as the registered owner, to the Beneficial Owners, (ii) such entities will distribute redemption notices or other notices, to the Beneficial Owners, or (iii) an error or delay relating thereto will not occur.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMD Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any) and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Successor Agency or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any) and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered in accordance with the provisions of the Indenture.

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate"), dated _____, 2016, is executed and delivered by the Successor Agency to the Turlock Redevelopment Agency (the "Successor Agency") in connection with the Successor Agency's issuance of its \$ _____ (initial principal amount) Tax Allocation Refunding Bonds, Series 2016 (the "Bonds"). The Bonds will be issued under the terms of an Indenture, dated as of October 1, 2016 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"). The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below).

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

"Annual Report" shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean initially the Successor Agency, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency and the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system located at <http://www.emma.msrb.org>, as the centralized on-line repository for municipal disclosure documents to be filed with the MSRB pursuant to the Rule, or such other successor repository site as prescribed by the MSRB.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any successor thereto.

"Official Statement" shall mean the final Official Statement relating to the Bonds.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, as the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2 12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

Section 3. Provisions of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, no later than nine months after the end of the Successor Agency's fiscal year (which fiscal year currently commences on July 1 and ends on June 30 of each year), commencing with the report for the 2015-16 fiscal year, provide to the MSRB, via EMMA, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 15 business days prior to the date specified in subsection (a) above for providing the Annual Report to the MSRB, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the first sentence of this subsection (b). If requested by the Dissemination Agent, the Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Successor Agency and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB, in such form as prescribed or acceptable to MSRB.

(d) The Dissemination Agent (if other than the Successor Agency) shall, if and to the extent, the Successor Agency has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the Successor Agency certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements prepared for the Successor Agency or, if none are prepared, the audited financial statements of the City of Turlock which contains the reporting of the financial transactions for the Successor Agency, for the most recently completed fiscal year. Such audited financial statements shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, as may be further modified by applicable state

law. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements customarily used by the Successor Agency (or the City, as applicable), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding subsection (a) by the date required by Section 3 hereof:

(i) the then currently outstanding principal amount of the Bonds ;

(ii) assessed valuation of properties within the Project Area for the five most recent fiscal years in the form of Table 1 of the Official Statement;

(iii) to the extent that the County makes such information available, updated information regarding top ten property owners (by secured assessed value) in the Project Area in the form of Table 3 of the Official Statement;

(iv) Calculation of the debt service coverage ratio for the most recently completed fiscal year (and not projected coverage for future fiscal years) provided by Tax Revenues with respect to the then outstanding Bonds and Parity Obligations (*i.e.*, refunding bonds issued pursuant to the terms of the Indenture, if any), in a form similar to Table 10 of the Official Statement;

(v) If, as of the end of most recently completed fiscal year, there were pending appeals in the Project Area challenging 5 percent or more of the aggregate assessed value in the Project Area, information regarding such pending appeals in a form similar to Table 7 of the Official Statement (excluding the two rightmost columns); provided, such information shall be included only to the extent available from the County;

(vi) At such time as the Successor Agency no longer participates in the County's Teeter Plan (or another similar program) and to the extent the County is willing to provide such information to the Successor Agency, a description of the total tax levy, total receipts and collection rate for the most recently completed fiscal year.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Successor Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

Any or all of the items listed above for inclusion in the Annual Report may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which have been available to the public on EMMA or filed with the SEC. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds, which notice shall be given in a timely manner, not in excess of ten business days after the occurrence of such Listed Event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bond owners, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material
- (11) Rating changes (underlying and insured, if any of the Outstanding Bonds are then insured);
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency;
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or the sale of all or substantially all of the assets of the Successor Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one business day after obtaining knowledge of the occurrence of any of the events listed in Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), inform the Successor Agency of the occurrence of such event. In any case, as soon as reasonably practicable after obtaining knowledge of the occurrence of such event, the Successor Agency shall, or shall cause the Dissemination Agent to, file in a timely manner, not in excess of ten business days after the occurrence of any such event, a notice of such occurrence with the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall, within one business day after obtaining knowledge of the occurrence of any of any of the events listed in Section 5(a) (2), (7), (8), (10), (13) or (14), inform the Successor Agency of the occurrence of such event and request that the Successor Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d).

(d) Whenever the Successor Agency obtains knowledge of the occurrence of any event specified in Section 5(a) (2), (7), (8), (10), (13) or (14), the Successor Agency shall as soon as possible, in order to meet the ten business day deadline to file notices required under the Rule and pursuant to the following sentence, determine if such event would be material under applicable Federal securities law. If the Successor Agency determines that knowledge of the occurrence of such event would be material under applicable Federal securities law, the Successor Agency shall, or shall cause the Dissemination Agent to, file in a timely manner, not in excess of ten business days after the occurrence of any such event, a notice of such occurrence with the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of such Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 7. Dissemination Agent. The initial Dissemination Agent shall be the U.S. Bank National Association. From time to time, the Successor Agency may appoint a different Dissemination Agent to assist it in carrying out its obligations (or designate itself as the Dissemination Agent) under this Disclosure Certificate. The Dissemination Agent may resign by providing 30 days written notice to the Successor Agency and the Trustee. The Successor Agency may replace the Dissemination Agent with or without cause. The Dissemination Agent (if different from the Successor Agency) shall be paid compensation by the Successor Agency for services provided hereunder in accordance with its schedule of fees as amended from time to time.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any

provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Successor Agency, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver affecting the Bonds either (i) is approved by holders of the affected Bonds in the manner provided in the related Indenture for amendments to such Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of such Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. For purposes of this paragraph, "impact" has the meaning as that word is used in the letter from the staff of the Securities and Exchange Commission to the National Association of Bond Lawyers dated June 23, 1995.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB in the same manner as for a Listed Event under Section 5(b).

No amendment to this Agreement which modifies the duties or rights of the Dissemination Agent shall be made without the prior written consent of the Dissemination Agent.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the

Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Successor Agency or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Owners, or any other party. The Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of the disclosure of information pursuant to this Disclosure Certificate or arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent (acting in such capacity and not as Trustee or any other role) shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Successor Agency has caused its duly authorized officer to execute and deliver this Certificate on the date first written above.

SUCCESSOR AGENCY TO THE TURLOCK
REDEVELOPMENT AGENCY

By:

Executive Director

The undersigned hereby agrees to act as
Dissemination Agent pursuant to the
foregoing Continuing Disclosure Certificate

U.S. BANK NATIONAL ASSOCIATION

By: _____

Title: _____

SUCCESSOR AGENCY TO THE
TURLOCK REDEVELOPMENT AGENCY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

INDENTURE

Dated as of October 1, 2016

Relating to

\$ _____
Successor Agency to the Turlock Redevelopment Agency
Tax Allocation Refunding Bonds
Series 2016

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INDENTURE

This Indenture (this “Indenture”), dated as of October 1, 2016, is made and entered into by and between the Successor Agency to the Turlock Redevelopment Agency, a public body, organized and existing under and by virtue of the laws of the State of California (the “Successor Agency”), as the successor entity to the Turlock Redevelopment Agency (the “Former Agency”) and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

RECITALS

A. The Former Agency was a redevelopment agency formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the Health and Safety Code of the State of California (“HSC”).

B. The Former Agency undertook a program to redevelop a project area known as the Turlock Redevelopment Project (the “Project Area”).

C. The Former Agency and the City of Turlock (the “City”) executed and delivered a Joint Exercise of Powers Agreement, dated as of December 15, 1998 (the “Joint Powers Agreement”), which Joint Powers Agreement created and established the Turlock Public Financing Authority (the “Authority”).

D. Pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 (commencing Section 6584) of the Government Code of the State and the Joint Powers Agreement, the Authority is authorized to issue bonds to assist with the financing costs of certain public capital improvements.

E. To finance redevelopment projects benefiting the Project Area, the Former Agency entered into the following three loan agreements:

(i) the Loan Agreement, dated as of March 1, 1999, by and among the Former Agency, the Authority and State Street Bank and Trust Company of California, N.A. (as succeeded by U.S. Bank National Association), as trustee, pursuant to which the Former Agency incurred a loan (the “1999 Loan”) and made a pledge of property tax increment revenues to the repayment of the 1999 Loan; and

(ii) the Loan Agreement, dated as of August 1, 2006, by and among the Former Agency, the Authority and U.S. Bank National Association, as trustee, pursuant to which the Former Agency incurred a loan (the “2006 Loan”) and made a pledge of property tax increment revenues to the repayment of the 2006 Loan; and

(iii) the Loan Agreement, dated as of February 1, 2011, by and among the Former Agency, the Authority and U.S. Bank National Association, as trustee, pursuant to which the Former Agency incurred a loan (the “2011 Loan”) and made a pledge of property tax increment revenues to the repayment of the 2011 Loan.

F. To provide funding for the 1999 Loan, the 2006 Loan and the 2011 Loan (collectively, the “Agency Loans”), the Authority issued three series of bonds, in 1999, 2006 and 2011.

G. Pursuant to AB X1 26 (enacted in June 2011), and the State Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency was constituted, and the Oversight Board to the Successor Agency (the “Oversight Board”) was established.

H. The Successor Agency is authorized to issue bonds (the “Bonds”) to refund the Agency Loans, subject to the conditions precedent set forth in HSC Section 34177.5.

I. The Successor Agency desires to issue the Bonds to refund all of the outstanding principal amount of the Agency Loans.

J. The Bonds will be issued under the authority of HSC Section 34177.5 and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

K. Pursuant to HSC Section 34177.5 and 34180, the issuance of the Bonds is subject to the Oversight Board’s prior approval and, pursuant to HSC Section 34179(h), all Oversight Board actions are subject to review by the California State Department of Finance (the “DOF”).

L. On June 15, 2016, the Oversight Board adopted its Resolution No. OB-2016-003 (the “Oversight Board Resolution”), approving the issuance of the Bonds.

M. The DOF has issued a letter dated July 28, 2016, confirming the DOF’s approval of the Oversight Board Resolution.

N. The Successor Agency has determined that the Bonds will be in the form of its Tax Allocation Refunding Bonds, Series 2016 (the “Bonds”) to be issued pursuant to this Indenture.

O. The Successor Agency has determined that all acts and things have been done and performed which are necessary to make Indenture a valid and binding agreement for the security of the Bonds authenticated and delivered hereunder.

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

ARTICLE I
DEFINITIONS; RULES OF CONSTRUCTION; EQUAL SECURITY

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and the Bonds and of any certificate, opinion, report, request or other document herein or therein mentioned have the meanings specified below.

“1999 Loan” means the loan incurred by the Former Agency (as succeeded by the Successor Agency) pursuant to that certain Loan Agreement, dated as of March 1, 1999, by and between the Former Agency and the Authority.

“2006 Loan” means the loan incurred by the Former Agency (as succeeded by the Successor Agency) pursuant to that certain Loan Agreement, dated as of August 1, 2006, by and between the Former Agency and the Authority.

“2011 Loan” means the loan incurred by the Former Agency (as succeeded by the Successor Agency) pursuant to that certain Loan Agreement, dated as of February 1, 2011, by and between the Former Agency and the Authority.

“2016 Escrow Agreement” means the Escrow Agreement, dated as of October 1, 2016, by and among the Authority, the Successor Agency, and U.S. Bank National Association, as trustee and escrow agent, pertaining to the prepayment and discharge of the 1999 Loan and the 2011 Loan (and the corresponding defeasance of related bonds issued by the Authority in 1999 and 2011).

“Annual Debt Service,” with respect to the Outstanding Bonds for which the calculation is being made, means for each Bond Year, the sum of (1) the interest falling due on such Outstanding Bonds in that Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds, if any, are redeemed from the Sinking Account, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (2) the principal amount of such Outstanding Serial Bonds, if any, maturing by their terms in such Bond Year, and (3) the minimum principal amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

“Average Annual Debt Service” means the average Annual Debt Service over all Bond Years.

“Authority” means the Turlock Public Financing Authority, a joint powers authority formed pursuant to a Joint Exercise of Powers Agreement, dated as of December 15, 1998, by and between the City and the Former Agency.

“Authorized Officer” means, with respect to the Successor Agency, the Chair (*ex-officio* the Mayor of the City), the Vice Chair (*ex-officio* the Mayor Pro Tem of the City), the Executive Director of the Successor Agency (*ex-officio* the City Manager of the City) and the Finance Director (*ex-officio* the Administrative Services Director of the City), or any other officer of the Successor Agency duly authorized to act on behalf of the Successor Agency for purposes of this Indenture.

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

(i) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America;

(b) Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America;

(iii) Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America.

(iv) Evidences of ownership of proportionate interests in future interest and principal payments on obligations described in clause (i), (ii) or (iii) above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(v) Federal Housing Administration debentures.

(vi) Listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America

(a) Federal Home Loan Mortgage Corporation (FHLMC);

(b) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) - Senior Debt obligations;

(c) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) Consolidated system-wide bonds and notes;

(d) Federal Home Loan Banks (FHL Banks) Consolidated debt obligations;

(e) Federal National Mortgage Association (FNMA) Senior debt obligations Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(f) Student Loan Marketing Association (SLMA) Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

- (g) Financing Corporation (FICO) Debt obligations;
- (h) Resolution Funding Corporation (REFCORP) Debt obligations.

(vii) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P.

(viii) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million, including certificates of deposit placed through the CDARS program.

(ix) Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

(x) Money market funds rated "Aam" or "AAM-G" by S&P, or better, that are invested solely in U.S. Treasury or U.S. local government obligations.

(xi) "State Obligations," which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated "A-1+" by S&P and "MIG-1" by Moody's;

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's;

(xii) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations") which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(xiii) Repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by S&P and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by S&P and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by S&P and Moody’s, provided that:

(a) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach); provided, however, that such collateral levels need not be met, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), and so long as such collateral levels are 103 percent or better and the provider is rated at least “A” by S&P and Moody’s;

(b) The Trustee or a third party acting solely as agent therefor or for the Successor Agency (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) All other requirements of S&P in respect of repurchase agreements shall be met; and

(e) The repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A-” by S&P or “A3” by Moody’s, as appropriate, the provider must, at the direction of the Successor

Agency or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Successor Agency or Trustee.

(xiv) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(a) Interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

(b) The invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice (and the Successor Agency and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid);

(c) The investment agreement shall state that the provider's payment obligation thereunder is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel, shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(d) The Successor Agency or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Successor Agency) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable);

(e) The investment agreement shall provide that if during its term:

(I) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Successor Agency, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest on the investment, and

(II) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Successor Agency or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Authority or Trustee,

The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(g) the investment agreement must provide that if during its term:

(I) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Successor Agency or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Successor Agency or Trustee, as appropriate, and

(II) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Successor Agency or Trustee, as appropriate.

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

(xvi) Any state administered pool investment fund in which the Successor Agency is statutorily permitted or required to invest will be deemed a permitted investment, including, but not limited to the Local Agency Investment Fund in the treasury of the State.

"Book-Entry Bonds" means Bonds registered in the name of the Nominee of a Depository as the Owner thereof pursuant to the terms and provisions of Section 2.12 of this Indenture.

["Bond Insurance Policy" means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Bonds when due.]

["Bond Insurer" means _____, a _____, or any successor thereto or assignee thereof.]

"Bond Year" means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year shall extend from the Closing Date to September 1, [2017].

"Bonds" means the Successor Agency to the Turlock Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016, issued pursuant to this Indenture.

"Book-Entry Bonds" means the Bonds registered in the name of the nominee of DTC, as the registered owner thereof, pursuant to the terms and provisions of Section 2.12.

"Business Day" means a day other than a Saturday, a Sunday or a day on which banks located in the city where the corporate trust office of the Trustee is located are required or authorized to remain closed.

“Certificate of the Successor Agency” means an instrument in writing signed by an Authorized Officer of the Successor Agency.

“City” means the City of Turlock, California.

“Closing Date” means _____, 2016.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

“Consultant’s Report” means a report signed by an Independent Financial Consultant or an Independent Redevelopment Consultant, as may be appropriate to the subject of the report, and including:

(1) 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;

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

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

“Continuing Disclosure Certificate” means the continuing disclosure undertakings of the Successor Agency with respect to the Bonds in connection with Securities Exchange Commission Rule 15c2-12, as originally executed and as the same may be amended and supplemented from time to time in accordance to the terms thereof.

“Costs of Issuance Fund” means the fund by that name held by the Trustee pursuant to Section 4.04.

“County” means the County of Stanislaus, California.

“County Auditor-Controller” means the Auditor-Controller of the County.

“Debt Service Fund” means the Debt Service Fund held by the Trustee pursuant to Section 4.02.

“Depository” means any securities depository acting as Depository pursuant to Section 2.12 of this Indenture.

“Dissolution Act” means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the HSC, as heretofore amended and as the same may be further amended from time to time.

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

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if: (i) the investment is a certificate of deposit the value of which is determined in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) the value of which is determined in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States of America.

“Federal Securities” means United States Treasury notes, bonds, bills or certificates of indebtedness, or other evidences of indebtedness secured by the full faith and credit of the United States of America; and also any securities now or hereafter authorized both the interest on and principal of which are guaranteed directly by the full faith and credit of the United States of America, as and to the extent that such securities are eligible for the legal investment of Successor Agency funds.

“Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Successor Agency as its Fiscal Year in accordance with the Law and identified in writing to the Trustee.

“Former Agency” means the former Turlock Redevelopment Agency, a redevelopment agency established and existed under the Law, which was dissolved on February 1, 2012 pursuant to the Dissolution Act.

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

“Housing DDA Obligation Fund” means the fund by that name established pursuant to Section 5.08 of this Indenture.

“Indenture” means this Indenture, as may be amended from time to time in accordance with the terms hereof.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Successor Agency, and who, or each of whom:

(1) is in fact independent and not under the domination of the Successor Agency;

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

(3) is not connected with the Successor Agency as a member, officer or employee of the Successor Agency, but who may be regularly retained to make annual or other audits of the books of or reports to the Successor Agency.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Successor Agency and who, or each of whom:

(1) is in fact independent and not under the domination of the Successor Agency;

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

(3) is not connected with the Successor Agency as a member, officer or employee of the Successor Agency, but who may be regularly retained to make annual or other reports to the Successor Agency.

“Independent Redevelopment Consultant” means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies, appointed and paid by the Successor Agency, and who, or each of whom:

(1) is in fact independent and not under the domination of the Successor Agency;

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

(3) is not connected with the Successor Agency as a member, officer or employee of the Successor Agency, but who may be regularly retained to make annual or other reports to the Successor Agency.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other facilities or organizations providing information with respect to called bonds as may be designated to the Trustee in writing.

“Insured Bonds” means the Bonds maturing on September in the years _____, inclusive..

“Interest Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 4.05(a).

“Interest Payment Date” means, with respect to the Bonds, each March 1 or September 1, on which interest on the Bonds is scheduled to be paid, commencing [March] 1, 2017.

“Law” means the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto, including the Dissolution Act.

“Letter of Representations” means the Blanket Issuer Letter of Representations, dated June 1, 2016, from the Successor Agency to the Depository, qualifying bonds issued by the Successor Agency for the Depository’s book-entry system as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

“Maximum Annual Debt Service” means, with respect to the Outstanding Bonds for which the calculation is being made, the largest Annual Debt Service during the period from the date of calculation through the final maturity date of such Bonds.

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

“Nominee” means Cede & Co., or another nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.12 of this Indenture.

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

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.02) all Bonds except

- (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant to the Indenture.

“Oversight Board” means the oversight board to the Successor Agency established pursuant to HSC Section 34179.

“Owner” means the registered owner of any Outstanding Bond according to the registration books held by the Trustee pursuant to Section 2.08.

“Parity Obligations” means any Obligations incurred pursuant to Section 5.02 payable from, and secured by a lien on and pledge of, Tax Revenues on a parity with the Bonds.

“Parity Reserve Accounts” means the debt service reserve account(s), if any, to be established and maintained for Parity Obligations, as required by the indenture (or similar instrument) governing the Parity Obligations.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Bonds as securities depository.

“Pass-Through Agreements” means, collectively, the following agreements made by the Former Agency and each counterparty pursuant to Health and Safety Code Section 33401: (i) the Agreement, dated as of December 7, 1993, by and between the Former Agency and the County, (ii) the Agreement, dated as of December 14, 1993, by and between the Former Agency and the Stanislaus County Office of Education, (iii) the Agreement, dated as of November 15, 1993, by and between the Former Agency and the Turlock Mosquito Abatement District, and (iv) the Agreement, dated as of December 3, 1993, by and between the Former Agency and the Yosemite Community College District.

“Principal Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 4.05(b).

“Principal Payment Date” means each September 1 on which principal of any Bond is scheduled to be paid.

“Principal Reserve” has the meaning given to such term under Section 4.02.

“Project Area” has the meaning ascribed to it in the Redevelopment Plan, and refers to the geographical area of the Turlock Redevelopment Project, and any territory that may be hereafter added thereto by an amendment to the Redevelopment Plan.

“Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit, surety bond or insurance policy issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 4.05(d), provided that all of the following requirements are met: (i) at the time of issuance of the instrument, the long-term credit rating of such bank is within the two highest rating categories (without regards to any numerical or “+/-” modifier) of Moody’s or S&P, or the claims paying ability of such insurance company is rated within the two highest rating categories (without regards to any numerical or “+/-” modifier) of S&P or A.M. Best & Company, or if any of the Bonds are insured, the long-term credit rating of such bank or claims paying ability of such insurance company is at least as high as the insured rating of the Bonds; (ii) such letter of credit, surety bond or insurance policy has a term which ends no earlier than the last Interest Payment Date of the Bonds to which the Reserve Requirement applies; (iii) such letter of credit, surety bond or insurance policy has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.05(d); and (iv) the Trustee is authorized pursuant to the terms of such letter of credit, surety bond or insurance policy to draw thereunder amounts necessary to carry out the purposes specified in Section 4.05(d), including the replenishment of the Interest Account, the Principal Account or the Sinking Account.

“Rebate Amount” has the meaning ascribed to it in the Tax Certificate relating to the Bonds.

“Record Date” means with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redevelopment Obligation Retirement Fund” means the fund by that name established and held by the Successor Agency pursuant to HSC Section 34170.5.

“Redevelopment Plan” means the redevelopment plan for the Project Area, adopted and approved by Ordinance No. 834, adopted by the City Council of the City on November 23, 1993, as amended by Ordinance No. 863, adopted on November 1, 1994, and as further amended by Amendment No. 1 to the Turlock Redevelopment Plan for the Turlock Redevelopment Project, approved by Ordinance No. 906, adopted on July 9, 1996, and together with all amendments thereto made in accordance with law.

“Refunding Bond 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.

“Reserve Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 4.05(d).

“Reserve Requirement” means, as of any calculation date, an amount (to be confirmed by the Successor Agency to the Trustee upon the Trustee’s request) equal to the least of (i) ten percent of the sum of the original stated principal amounts of the Bonds at issuance, (ii) 125 percent of Average Annual Debt Service or (iii) Maximum Annual Debt Service.

“Reserve Policy” means the _____ issued by the Bond Insurer for the credit of the Reserve Account upon issuance of the Bonds, which is a Qualified Reserve Account Credit Instrument.]

“ROPS” means a Recognized Obligation Payment Schedule, prepared by the Successor Agency pursuant to the Dissolution Act (including HSC Section 34177 and Section 34191.6), on which the Successor Agency’s anticipated payments for enforceable obligations for the upcoming ROPS Payment Period(s) are listed.

“ROPS Period” means the annual fiscal period (commencing on each July 1) covered by a ROPS; provided that if the Dissolution Act is hereafter amended, such that each ROPS covers a fiscal period of a different length, then “ROPS Period” shall mean such other fiscal period per the Dissolution Act, as amended.

“ROPS Payment Period” means the six month fiscal period (commencing on each January 1 and July 1) during which moneys distributed on a RPTTF Distribution Date are permitted to be expended under the Dissolution Act; provided that if the Dissolution Act is hereafter amended, such that each ROPS Payment Period covers a fiscal period of a different length, then “ROPS Payment Period” shall mean such other fiscal period per the Dissolution Act, as amended.

“RPTTF” means the Redevelopment Property Tax Trust Fund established and held by the County Auditor-Controller pursuant to HSC Section 34172(c) and 34170.5, into which the property tax revenues that would have been allocated to the Former Agency pursuant to subdivision (b) of Section 16 of Article XVI of the Constitution of the State are deposited and administered in accordance with the provisions of the Dissolution Act.

“RPTTF Disbursement Date” means each January 2 and June 1 (or such other date(s) as provided in the Dissolution Act) on which the County Auditor-Controller is required pursuant to the Dissolution Act to disburse moneys deposited in the RPTTF to the Successor Agency for payment on enforceable obligations pursuant to an approved ROPS.

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

“Securities Depository” means The Depository Trust Company, 55 Water Street, New York, New York 10041, or such other addresses provided by the DTC; or in accordance with then applicable guidelines of the Securities and Exchange Commission, such other securities depository or no security depository, as designated to the Trustee in writing.

“Serial Bonds” means Bonds for which no mandatory sinking account payments are provided.

“Sinking Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 4.05(c).

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

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

“Special Fund” means the Special Fund held by the Successor Agency pursuant to Section 4.02.

“State” means the State of California.

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

“Successor Agency” means the Successor Agency to the Turlock Redevelopment Agency, which was established pursuant to the Dissolution Act as the successor to the Former Agency.

“Supplemental Indenture” means any indenture then in full force and effect which has been entered into by the Successor Agency and the Trustee, amendatory of or supplemental to this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under this Indenture.

“Tax Certificate” means the Certificate Regarding Compliance with Certain Tax Matters (or similar document) pertaining to the use and investment of proceeds of the Bonds, executed and delivered by an Authorized Officer of the Successor Agency on the Closing Date, including any and all exhibits and attachments thereto.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the interest on the Tax-Exempt Bonds, that such interest is excluded from gross income for federal income tax purposes whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax, under the Code.

“Tax Revenues” has the following meaning:

(a) All property taxes deposited from time to time into the RPTTF (consisting of all property tax revenues that would have been allocated to the Former Agency pursuant to subdivision (b) of Section 16 of Article XVI of the Constitution of the State and that are deposited and administered in accordance with the provisions of the Dissolution Act), but excluding the following amounts: (i) administrative costs of the County Auditor-Controller deducted as required by HSC Section 34183(a); (ii) amounts payable to affected taxing entities pursuant to the Law (including payments under HSC Sections 33676, 33607.5 or 33607.7 and the Pass-Through Agreements), except to the extent such payment to a taxing entity has been subordinated to the Bonds, and (iii) moneys in the Housing DDA Obligation Fund (which pursuant to Section 5.08 of this Indenture, will be funded by an amount not exceeding \$775,000 from the June 2016 RPTTF disbursement, an amount not exceeding \$965,000 from the January 2017 RPTTF disbursement and an amount not less than \$1,760,000 from funds that the Successor Agency has on hand from RPTTF disbursements received before June 2016).

(b) In the event that the provisions of the Dissolution Act are invalidated because of a final judicial decision or a change in law, such that property tax revenues described above are in longer deposited into the RPTTF, then Tax Revenues shall mean all revenues derived from taxes levied on properties that would have been allocated to the Former Agency pursuant to Section 16(b) of Article XVI of the California Constitution, subject to the exclusions stated in paragraph (a) above, as such exclusions are then in effect pursuant to the law of such time.

“Term Bonds” means Bonds which are payable on or before their specified maturity dates from mandatory sinking account payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

“Total Maturity Amount” means with respect to any Outstanding Bond, the aggregate principal amount thereof.

“Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 11.11; provided, however, for transfer, registration, exchange, payment and surrender of Bonds, “Trust Office” means the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota, or such other office designated by the Trustee from time to time.

“Trustee” means U.S. Bank National Association, and its successors and assigns, or any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

“Written Request of the Successor Agency” means an instrument in writing signed by an Authorized Officer of the Successor Agency.

SECTION 1.02 Rules of Construction.

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

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

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

SECTION 1.03 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Trustee for the benefit of Owners from time to time of all Bonds issued under this Indenture and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds authorized, executed, issued and delivered under this Indenture; and the agreements and covenants set forth in this Indenture 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 Bonds without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds, subject to the agreements, conditions, covenants and provisions contained in this Indenture.

ARTICLE II

TERMS OF BONDS; PROVISIONS RELATING TO EXECUTION AND DELIVERY

SECTION 2.01 Authorization; Designation. The Successor Agency has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly authorized pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Successor Agency hereby authorizes the issuance of the Bonds for the purpose of refunding the 1999 Loan, the 2006 Loan and the 2011 Loan.

The Successor Agency may at any time execute and deliver the Bonds, designated the Successor Agency to the Turlock Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016, authorized to be issued under this Indenture, in the aggregate principal amount of _____ Dollars (\$_____). Upon the Written Request of the Successor Agency, the Trustee shall authenticate and deliver the Bonds.

SECTION 2.02 Terms of Bonds.

(a) The Bonds shall be dated as of the Closing Date, shall mature on September 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

Year (September 1)	Principal Amount	Interest Rate
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The Bonds shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order. The Bonds shall be executed and delivered in the denominations of \$5,000 or any integral multiple thereof.

(b) Each Bond shall bear interest from the Interest Payment Date immediately preceding the date of authentication thereof, unless (i) it is authenticated during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any Bond, interest with respect to such Bond is in default, such Bond shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Bond.

Interest with respect to any Bond shall be payable in lawful money of the United States of America on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date, such interest to be paid by check of the Trustee, mailed by first class mail or draft on the Interest Payment Date to the Owner at such Owner's address as it appears, on such Record Date, on the bond registration books maintained by the Trustee; provided, however, that at the written request of the Owner of Bonds in the aggregate principal amount of \$1,000,000 or more filed with the Trustee prior to any Record Date, interest on such Bonds shall be paid to such

Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by transfer of immediately available funds to an account in the United States designated in such written request. Payments of defaulted interest with respect to the Bonds shall be paid by check to the Owners of the Bonds as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the registered Owners of the Bonds not less than ten days prior to such special record date. The principal of and premium, if any, on the Bonds are payable when due at the Trust Office in lawful money of the United States of America.

Notwithstanding the foregoing provisions of this Section 2.02(b), payments with respect to Book-Entry Bonds shall be subject to the Depository's procedures pursuant to Section 2.12

SECTION 2.03 Form of Bonds. The Bonds, the certificate of authentication and the assignment to appear thereon shall be substantially in the forms attached as Appendix A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

SECTION 2.04 Redemption of Bonds; General Provisions Relating to Redemption.

(a) Optional Redemption. The Bonds maturing on or before September 1, 20__ shall not be subject to optional redemption prior to their maturity. The Bonds maturing on or after September 1, 20__ shall be subject to redemption as a whole or in part from such maturities as the Successor Agency shall designate (which notice of designation shall be delivered to the Trustee no later than 45 days prior to the redemption date, or such shorter period as agreed to by the Trustee in its discretion), prior to their maturity at the option of the Successor Agency on any date on or after September 1, 20__, from funds derived by the Successor Agency from any source, at a redemption price equal to [100] percent of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

(b) Mandatory Sinking Account Redemption. The Bonds maturing on September 1, 20__ and September 1, 20__ are also subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account on September 1 of each year commencing September 1, 20__ and September 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Bonds maturing September 1, 20__

Redemption Date (September 1)	Sinking Account Installment
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20__ (Maturity)

Bonds maturing September 1, 20

Redemption Date (September 1)	Sinking Account Installment
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20__ (Maturity)

(c) General Redemption Provisions

(1) Selection of Bonds. Whenever less than all of the Outstanding Bonds of a maturity are called for redemption at any one time, the Trustee shall select the Bonds to be redeemed from the Outstanding Bonds of such maturity not previously selected for redemption, by lot; provided, that if less than all of the Outstanding Term Bonds of any maturity are called for optional redemption, each future Sinking Account Installment with respect to such Term Bonds will be reduced on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, so that the total amount of Sinking Account Installment payments (with respect to such Term Bonds) to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Term Bonds so redeemed, as shall be designated by the Successor Agency to the Trustee in writing.

(2) Purchase in Lieu of Redemption. In lieu of redemption of any Term Bond, upon the Written Request of the Successor Agency, the Trustee may apply amounts on deposit in the Debt Service Fund or the Sinking Account at any time, for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may determine in its discretion, but not in excess of the principal amount thereof. No Bonds shall be so purchased by the Trustee with a settlement date more than 60 days prior to the redemption date. The principal amount of any Term Bonds so purchased by the Trustee in any 12 month period ending 30 days prior to any Principal Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Bonds required to be redeemed on such Principal Payment Date in such year.

(3) Notice. Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its nominee, the Information Services or the Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the Successor Agency, not more than 60 days and not less than 30 days before the redemption date to: (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) the Information Services, and (iii) the Securities Depository. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of

Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice redemption is sent to the Owner, the Successor Agency has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the Successor Agency's deposit of funds on or before the redemption date.

Failure by the Trustee to give notice pursuant to this Section to the Information Services or Securities Depository, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice sent to such Owner and any defect in the notice so sent shall not affect the sufficiency of the proceedings for redemption.

(4) Partial Redemption. Upon surrender of any Bond redeemed in part only, the Successor Agency shall execute (manually or by facsimile) and the Trustee shall authenticate and deliver to the Owner of such Bond, at the expense of the Successor Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and the same maturity. A partial redemption shall be valid upon payment of the amount required to be paid to the registered owner, and the Successor Agency and the Trustee shall be released and discharged from all liability to the extent of such payment.

(5) Right to Rescind. The Successor Agency shall have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Neither such cancellation nor lack of available funds shall constitute an Event of Default under this Indenture. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

(6) Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption shall have been duly given and funds available for the payment of such redemption price of the Bonds so called for redemption shall have been duly provided, no interest shall accrue on such Bonds from and after the redemption date specified in such notice. Such Bonds, or parts thereof redeemed, shall cease to be entitled to any lien, benefit or security under the Indenture.

All Bonds redeemed pursuant to the provisions of this Section shall be canceled by the Trustee and the Trustee shall upon Written Request of the Successor Agency deliver a certificate of destruction to the Successor Agency.

SECTION 2.05 Execution of Bonds. The Chair (or in the Chair's absence, the Vice Chair) of the Successor Agency is hereby authorized and directed to execute each of the Bonds on behalf of the Successor Agency and the Secretary (or an Assistant Secretary or Deputy Secretary) of the Successor Agency is hereby authorized and directed to attest each of the Bonds on behalf of the Successor Agency. Any such signatures may be printed, lithographed or reproduced by other kinds of facsimile reproduction, on a Bond to the extent permitted by law. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes the same as though such officer had remained in office until such delivery of the Bonds.

Only such Bonds bearing thereon a certificate of authentication and registration in the form set forth in Appendix A, executed manually by the Trustee, shall be entitled to any benefits under the Indenture or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so registered have been duly issued and delivered under this Indenture and are entitled to the benefits of the Indenture.

SECTION 2.06 Transfer and Registration of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08, by the person in whose name it is registered, in person or by that person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in substantially the form set forth in Appendix A hereto duly executed.

Whenever any Bond or Bonds shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of like tenor, maturity and Total Maturity Amount. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer shall be paid by the Successor Agency, except that the Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Trustee shall not be required to register the transfer or exchange of any Bond during the 15 days preceding any date established by the Trustee for selection of Bonds for redemption or any Bonds which have matured or been selected for redemption.

SECTION 2.07 Exchange of Bonds. Bonds may be exchanged at the Trust Office for the same aggregate Total Maturity Amount of Bonds of the same maturity of other authorized denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the Successor Agency, except that the Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No such exchange shall be required to be made during the 15 days preceding any date established by the Trustee for selection of Bonds for redemption or any Bonds which have matured or been selected for redemption.

SECTION 2.08 Bond Registration Books. The Trustee will keep at the Trust Office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Successor Agency during regular business hours with reasonable prior notice;

and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds on said books as hereinbefore provided.

SECTION 2.09 Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated in respect of the body of such Bond, or shall be believed by the Successor Agency to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Trustee, and upon the surrender of such mutilated Bond at the Trust Office, or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss, and upon receipt also of indemnity satisfactory to the Successor Agency and the Trustee, and upon payment of all expenses incurred by the Successor Agency and the Trustee, the Successor Agency shall execute (manually or by facsimile) and the Trustee shall authenticate and deliver at the Trust Office a new Bond or Bonds of the same maturity and for the same Total Maturity Amount, of like tenor and date, with such notations as the Successor Agency shall determine, in exchange and substitution for and upon cancellation of the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Trustee upon receipt by the Trustee and the Successor Agency of like proof, indemnity and payment of expenses.

Any such replacement Bonds issued pursuant to this Section shall be entitled to equal and proportionate benefits with all other Bonds issued under this Indenture. The Successor Agency and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under this Indenture or for the purpose of determining any percentage of Bonds Outstanding under this Indenture, but both the original and replacement Bond shall be treated as one and the same.

SECTION 2.10 Temporary Bonds. Until definitive Bonds shall be prepared, the Successor Agency may cause to be executed and delivered in lieu of such definitive Bonds and subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds, except that they may be in any denominations authorized by the Successor Agency, one or more temporary typed, printed, lithographed or engraved Bonds in fully registered form, as may be authorized by the Successor Agency, substantially of the same tenor and, until exchanged for definitive Bonds, entitled and subject to the same benefits and provisions of the Indenture as definitive Bonds. If the Successor Agency issues temporary Bonds it will execute and furnish definitive Bonds without unnecessary delay and thereupon the temporary Bonds shall be surrendered to the Trustee at the Trust Office, without expense to the Owner in exchange for such definitive Bonds. All temporary Bonds so surrendered shall be canceled by the Trustee and shall not be reissued.

SECTION 2.11 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any other proceedings taken by the Successor Agency with respect to the Project Area, or by any contracts made by the Successor Agency in connection therewith, and the recital contained in the Bonds that the same are issued pursuant to the Law shall be conclusive evidence of their validity and of the regularity of their issuance.

SECTION 2.12 Book-Entry System. The Bonds shall be issued as Book-Entry Bonds in fully registered form with no distribution of physical bonds made to the public. Each maturity of Book-Entry Bonds shall be in the form of a separate single fully registered Bond (which may be typewritten); provided, that if there are different interest rates within a maturity, then there shall be one separate single fully registered Bond for each interest rate within such maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the bond register in the name of the Nominee, as nominee of the Depository.

With respect to Book-Entry Bonds, the Successor Agency and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Successor Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the bond register, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds to be redeemed in the event the Successor Agency redeems such in part, or (iv) the payment of any Participant or any other person, other than an Owner as shown in the bond register, of any amount with respect to principal of, premium, if any, or interest on Book-Entry Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Book-Entry Bond is registered in the bond register as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the Successor Agency's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the bond register, shall receive a Bond evidencing the obligation of the Successor Agency to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee and Successor Agency of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in this Indenture with respect to record dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

In order to qualify the Book-Entry Bonds for the Depository's Book-Entry system, the Successor Agency has executed and delivered to the Depository the Letter of Representations. The execution and delivery of the Letter of Representations do not in any way impose upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in such Book-Entry Bonds other than the Owners, as shown on the bond register. In addition to the execution and delivery of the Letter of Representations, the Successor Agency and the Trustee, at the Written Request of the Successor Agency, shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's Book-Entry program.

In the event: (i) the Depository determines not to continue to act as securities depository for the Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee and the Successor Agency of such determination, then the Successor Agency will discontinue the Book-Entry system with the Depository. If the Successor Agency determines to replace the Depository with another qualified securities depository, the Successor Agency shall prepare or direct the preparation of a new single, separate, fully registered Bond for each maturity of such Book-Entry Bonds (provided, that if there are different interest rates within a maturity, then there shall be one separate single fully registered Bond for each interest rate within such maturity), registered in the name of such successor or substitute qualified securities depository or its nominee. If the Successor Agency fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such bond register in the name of the Nominee, but shall be registered in whatever name or names Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.06 and 2.07.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

ARTICLE III ISSUANCE AND SALE OF BONDS; APPLICATION OF SALE PROCEEDS; RESERVE POLICY DEPOSIT

SECTION 3.01 Sale of Bonds; Allocation of Proceeds among Funds and Accounts.
Upon receipt of payment for the Bonds, the Trustee shall set aside and deposit the proceeds received from such sale in the amount of \$_____ (which is equal to the par amount of the Bonds, [plus/less] a net original issue [premium/discount] of \$_____, and less an underwriter's discount of \$_____, [and less the premium paid to the Bond Insurer by the Underwriter on behalf of the Successor Agency for the purchase of the Bond Insurance Policy and the Reserve Policy]) as follows:

(a) Deposit in the Costs of Issuance Fund the amount of \$_____ to pay the costs incurred or to be incurred by the Successor Agency in connection with the issuance of the Bonds;

(b) Transfer the amount of \$_____ to the 1999 Bonds Escrow Fund established pursuant to the 2016 Escrow Agreement;

(c) Transfer the amount of \$_____ to the 2006 Bonds Escrow Fund established pursuant to the 2016 Escrow Agreement; and

(d) Transfer the amount of \$_____ to the 2011 Bonds Escrow Fund established pursuant to the 2016 Escrow Agreement.

SECTION 3.02 Deposit of Reserve Policy. Upon receipt of the Reserve Policy on the Closing Date, the Trustee shall credit the Reserve Policy to the Reserve Account.

**ARTICLE IV
TAX REVENUES; CREATION OF FUNDS**

SECTION 4.01 Pledge of Tax Revenues. All the Tax Revenues and all moneys in the Special Fund and the Debt Service Fund established and maintained pursuant to this Indenture, whether held by the Successor Agency, the County Auditor-Controller or the Trustee (except any funds set aside for payment of the Rebate Amount pursuant to the Code), are hereby irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds until their release pursuant to the terms of this Indenture. The Tax Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding, subject to the provisions of this Indenture permitting application thereof for the purposes and on the terms and conditions set forth in this Indenture [(including the use of Tax Revenues to repay reimbursement to the Bond Insurer on a parity to the extent that the Bond Insurance Policy payments have been made on the Insured Bonds)]. This pledge shall constitute a first lien on the Tax Revenues and such other money for the payment of the Bonds in accordance with the terms hereof. The Successor Agency hereby represents that, as of the Closing Date for the Bonds, the Successor Agency does not have any other outstanding indebtedness secured by Tax Revenues which is ranked senior to or on a parity with the Bonds. So long as the Bonds remain Outstanding, the Successor Agency shall not incur any Parity Obligations, except as permitted under Section 5.02.

SECTION 4.02 Special Fund; Receipt and Deposit of Tax Revenues; Debt Service Fund.

(a) There is hereby established a special fund known as the “Special Fund” held by the Successor Agency.

(b) The Successor Agency shall include in each ROPS to be submitted after the effective date of this Indenture, a request for the County Auditor-Controller to disburse from the RPTTF to the Successor Agency on each RPTTF Disbursement Date, the following amounts: (i) the interest payment coming due with respect to the Outstanding Bonds and Parity Obligations (if any) during such ROPS Payment Period, (ii) for any ROPS Payment Period which covers payments from January through June of a calendar year, at least one-half (but, at the discretion of the Successor Agency, may be up to all) of the principal amount (including maturing principal and any Sinking Account Installment) coming due with respect to the Bonds and Parity Obligations (if any) on September 1 of such calendar year (the “Principal Reserve”), (iii) for any ROPS Payment Period which covers payments from July through December of a calendar year, an amount equal to the principal amount (including maturing principal and any Sinking Account Installment) coming due with respect to the Bonds and Parity Obligations (if any) on September 1 of such calendar year, less the Principal Reserve already received in connection with the immediately prior ROPS Payment Period and deposited with the Trustee, and (iv) amounts, if any, required to replenish the Reserve Account (including payments to the provider of any Qualified Reserve Credit Instrument for draws on such Qualified Reserve Credit Instrument), as required pursuant to Section 4.05 below, and to replenish Parity Reserve Accounts (if any).

The Successor Agency shall also include on the periodic ROPS for approval by the Oversight Board and State Department of Finance, to the extent necessary and permitted under the Dissolution Act, the amounts to be held as a reserve until the next ROPS Payment Period, as

contemplated by HSC Section 34171(d)(1)(A), if the next property tax allocation is projected to be insufficient to pay all obligations due under this Indenture during that next ROPS Payment Period. To that end, whenever the Successor Agency is preparing a ROPS, the Successor Agency shall, based on information obtained from the County Auditor-Controller, review the amount of dollars deposited in the RPTTF on the two immediately prior RPTTF Disbursement Dates. For the purposes of complying with this paragraph (*i.e.*, projecting whether the next property tax allocation will be sufficient to pay all obligations due under this Indenture during the next ROPS Period), the Successor Agency shall assume that the property tax revenue collection (and thus, the dollar amount to be deposited in the RPTTF) will be consistent with the pattern shown during the last two ROPS Payment Periods, but without any assumed increase to the assessed value of the taxable properties in the Project Area.

(c) Upon the Successor Agency's receipt of Tax Revenues on each RPTTF Disbursement Date, the Successor Agency shall apply the Tax Revenues pursuant to the ROPS (as approved by the State Department of Finance) and deposit the Tax Revenues received for the payment of debt service of the Bonds and any Parity Obligations and any replenishment of the Reserve Account and Parity Reserve Accounts into the Special Fund. During each Bond Year, the Successor Agency shall deposit such moneys in the Special Fund until such time as the amount so deposited in the Special Fund is at least equal to the sum of (i) the aggregate amount required to be transferred to the Trustee pursuant to this Section 4.02 and Section 4.05 for such Bond Year, and (ii) the aggregate amount required by the governing documents of the Parity Obligations to be transferred for the debt service payment and replenishment of the Parity Reserves.

(d) There is hereby established a fund known as the "Debt Service Fund," to be held by the Trustee. On or before the fifth Business Day immediately preceding any Interest Payment Date, the Successor Agency shall withdraw from the Special Fund and deposit with the Trustee the amount of money necessary to make the deposits required in Sections 4.05(a), (b) and (c). After the deposits required by Sections 4.05(a), (b) and (c) have been made and upon notice from the Trustee, the Successor Agency shall withdraw from the Special Fund and deposit with the Trustee the amount of money necessary to make any deposit required by Section 4.05(d). Notwithstanding the foregoing, the Successor Agency is not required to deposit with amount of Tax Revenues in excess of that amount which, together with all money then on deposit with the Trustee in the Debt Service Fund and the accounts therein, shall be sufficient to discharge all Outstanding Bonds pursuant to Article IX.

(e) If and only at such time that, during any Bond Year, the moneys deposited in the Special Fund is at least equal to the amount required to be transferred to the Trustee pursuant to Section 4.02(d) for such Bond Year (the "Bond Year Requirement"), then the Tax Revenues in excess of the Bond Year Requirement shall be released from the pledge and lien hereunder and such excess Tax Revenues may be applied for other lawful purposes. So long as any Bonds are Outstanding, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund or the Debt Service Fund, except as may be provided in this Indenture.

SECTION 4.03 Division of Accounts for Record Keeping. The funds and accounts established in this Indenture may be divided by the Successor Agency or by the Trustee, as applicable, as necessary or appropriate for record keeping purposes, and upon the Written Request of the Successor Agency, in order to perform the necessary rebate calculations.

SECTION 4.04 Costs of Issuance Fund. There is hereby established a special trust fund held by the Trustee called the "Costs of Issuance Fund." All moneys in the Costs of Issuance Fund shall be applied to the payment of costs and expenses incurred by the Successor Agency in connection with the authorization, issuance and sale of the Bonds and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition, substantially in the form attached hereto as Appendix B, executed by an Authorized Officer of the Successor Agency. Each such requisition shall be sequentially numbered and state the name and address of the person, firm or corporation to whom payment is due, the amount to be disbursed, the purposes for such disbursement and that such obligation has been properly incurred and is a proper charge against the Costs of Issuance Fund. Upon the earlier of the payment in full of such costs and expenses (or the making of adequate provision for the payment thereof, evidenced by a Certificate of the Successor Agency to the Trustee) or 180 days after the Closing Date, any balance remaining in the Costs of Issuance Fund shall be transferred to the Debt Service Fund and the Costs of Issuance Fund shall be closed. Pending the application and transfer of the balance to the Debt Service Fund, the moneys in the Costs of Issuance Fund may be invested as permitted by Section 4.06 and investment income resulting from any such investment shall be retained in the Costs of Issuance Fund.

SECTION 4.05 Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund. The Trustee shall deposit all moneys received from the Successor Agency pursuant to Section 4.02(d) immediately into the Debt Service Fund. All moneys in the Debt Service Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Debt Service Fund (each of which is hereby created and each of which the Trustee hereby agrees to cause to be maintained), in the following order of priority (except as otherwise provided in subsection (b) below):

- (i) Interest Account;
- (ii) Principal Account;
- (iii) Sinking Account; and
- (iv) Reserve Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 4.05.

(a) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. 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 purchased or redeemed prior to maturity).

(b) Principal Account. On or before each March 1, the Trustee shall aside from the Debt Service Fund and deposit in the Principal Account one-half of the aggregate amount of principal coming due on the Outstanding Serial Bonds, if any, on September 1 of that same calendar year; provided, that if the Successor Agency has transferred to the Trustee a different amount based on receipt of the Principal Reserve (as specified by the Successor Agency to the Trustee in writing), then the Trustee shall deposit such different amount into the Principal Account. Then, on or before each Principal Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Principal Account an amount of money which, together with any money already contained therein, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on such Principal Payment Date. In the event that there shall be insufficient money in the Debt Service Fund to make in full all such principal payments and Sinking Account Installments required to be made pursuant to Section 4.05(c) of this Indenture in such Bond Year, then the money available in the Debt Service Fund shall be applied pro rata to the making of such principal payments and such Sinking Account Installments in the proportion which all such principal payments and Sinking Account Installments bear to each other.

Notwithstanding the foregoing, no deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds becoming due and payable on the upcoming Principal Payment Date.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and redemption premium, if any, of the Serial Bonds as they shall become due and payable.

(c) Sinking Account. On or before each March 1, the Trustee shall set aside from the Debt Service Fund and deposit in the Sinking Account one-half of the Sinking Account Installment, if any, payable on September 1 of that same calendar year; provided, that if the Successor Agency has transferred to the Trustee a greater amount based on receipt of the Principal Reserve (as specified by the Successor Agency to the Trustee in writing), then the Trustee shall deposit such larger amount into the Sinking Account. Then, on or before each Sinking Account Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year.

Notwithstanding the foregoing, no deposit need be made into the Sinking Account if the amount contained therein is at least equal to the aggregate amount of all Sinking Account Installments becoming due and payable on the upcoming Principal Payment Date.

All moneys in the Sinking Account shall be used by the Trustee to pay Sinking Account Installments on the Term Bonds.

(d) Reserve Account.

(1) On or before each Interest Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Reserve Account such amount of money (or other Qualified Reserve Account Credit Instrument, as contemplated by the following paragraph) as shall be required to restore the balance in the Reserve Account to an amount equal to the Reserve

Requirement for the Bonds then Outstanding. The Trustee shall value the balance in the Reserve Account semi-annually at least 45 days before each Interest Payment Date in accordance with Section 4.06. If at any time the balance in the Reserve Account falls below the Reserve Requirement, the Trustee shall promptly notify the Successor Agency in writing. Upon receipt of such notice from the Trustee, the Successor Agency shall take such action as necessary to include the amount necessary to restore the Reserve Account balance to the Reserve Requirement in its next transfer of moneys from the Special Fund to the Debt Service Fund as soon as permissible under the Dissolution Act. No deposit need be made in the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Requirement for the Bonds then Outstanding. So long as the Successor Agency is not in default under this Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Debt Service Fund, or upon the Written Request of the Successor Agency, released to the Successor Agency for any lawful purpose. All money in (or available to) the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of (i) replenishing the Interest Account, the Principal Account or the Sinking Account in such order, in the event of any deficiency at any time in any of such accounts or for the purpose of paying the interest on or principal of the Bonds in the event that no other money in the Special Fund or the Debt Service Fund is lawfully available therefor, or (ii) making the final payments of principal of and interest on the Bonds.

(2) The Reserve Requirement may be satisfied, in whole or in part, by crediting to the Reserve Account one or more Qualified Reserve Account Credit Instruments, which together with the cash, if any, on deposit in the Reserve Account, in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Requirement. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument, the Trustee shall release moneys then on hand in the Reserve Account to the Successor Agency, to be used for any lawful purpose, in an amount equal to the face amount of the Qualified Reserve Account Credit Instrument.

(e) Surplus. After making the deposits referred to in paragraphs (a) through (d) above in any Bond Year, the Trustee shall transfer any amount remaining on deposit in the Debt Service Fund to the Successor Agency to be used for any lawful purpose.

SECTION 4.06 Investment of Moneys in Funds and Accounts. Upon the Written Request of the Successor Agency received by the Trustee prior to the date of such investment, moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account, or the Costs of Issuance Fund (and any account therein) shall be invested by the Trustee in Authorized Investments, which shall mature or be withdrawable prior to the date on which such moneys are required to be paid out under this Indenture. In the absence of such instructions the Trustee shall invest in the investments described in clause (x) of the definition of "Authorized Investments" set forth in Section 1.01. Any interest, income or profits from the deposits or investments of all funds (except the Costs of Issuance Fund) and accounts maintained by the Trustee under this Indenture shall be deposited in the Debt Service Fund.

For purposes of determining the amount on deposit in any fund or account held by the Trustee under this Indenture, all Authorized Investments credited to such fund or account shall be valued at the Fair Market Value no less frequently than every six months. Except as otherwise provided in this Section, Authorized Investments representing an investment of moneys

attributable to any fund or account and all investment profits or losses thereon shall be deemed at all times to be a part of said fund or account. Absent negligence or willful misconduct by the Trustee, the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Section.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions made by the Trustee under this Indenture. The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture. For investment purposes, the Trustee may commingle the funds and accounts established under this Indenture and shall account for them separately.

Amounts deposited in the Special Fund and another fund established by this Indenture and held by the Successor Agency may be invested in Authorized Investments or any other investments in which the Successor Agency may lawfully invest its funds.

ARTICLE V COVENANTS OF SUCCESSOR AGENCY

SECTION 5.01 Punctual Payment. The Successor Agency shall punctually pay the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds, but only from Tax Revenues, in strict conformity with the terms of the Bonds and of the Indenture and shall faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and of the Indenture.

SECTION 5.02 No Priority; No Additional Parity Bonds Except for Refunding Bonds; Other Obligations. The Successor Agency covenants that it will not incur any Obligations payable, either as to principal or interest, from the Tax Revenues, that will have any lien upon the Tax Revenues on a parity with or superior to the lien under this Indenture for the Bonds; except that the Successor Agency may: (a) incur Parity Obligations to refund then outstanding Bonds (or Parity Obligations issued after the Closing Date pursuant to this Section 5.02), if (i) the aggregate debt service on such proposed Parity Obligations will be lower than the aggregate debt service on the Bonds (or Parity Obligations) being refunded; (ii) the scheduled final maturity date of such proposed Parity Obligations will not be later than the scheduled final maturity date of the Bonds or other Parity Obligations being refunded; and (iii) the issuance of such Parity Obligations shall be in compliance with HSC Section 34177.5 (but only to the extent that such provision of the Dissolution Act is applicable and then in effect); or (b) incur Obligations which will have a lien on Tax Revenues junior to the Bonds; or (c) incur Obligations that will be payable in whole or in part from sources other than the Tax Revenues pledged under this Indenture.

SECTION 5.03 Protection of Security and Rights of Owners. The Successor Agency shall preserve and protect the security of the Bonds and the rights of the Owners, and shall warrant

and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Successor Agency, such Bonds shall be incontestable by the Successor Agency.

SECTION 5.04 Extension or Funding of Claims for Interest. In order to prevent any claims for interest after maturity, the Successor Agency shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and shall not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such claim for interest so extended or funded shall not be entitled, in case of default under this Indenture, to the benefits of the 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 5.05 Records and Accounts; Continuing Disclosure.

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

(b) The Trustee shall provide such statements with regard to any funds held by the Trustee under this Indenture to the Successor Agency as the Successor Agency may reasonably require to comply with the terms of this Section.

(c) The Successor Agency shall comply with the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with a Continuing Disclosure Certificate shall not be considered an Event of Default; provided, that any Owner or beneficial owner of the applicable Bonds may take such actions as may be necessary or appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligation under such Continuing Disclosure Certificate.

SECTION 5.06 Payment of Claims, Taxes and Other Charges. The Successor Agency covenants that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this

covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

SECTION 5.07 Tax Covenants.

(a) The Successor Agency shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-Exempt status of interest on the Bonds under Section 103(a) of the Code or cause interest on the Tax-Exempt Bonds to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under Section 55 of the Code.

(b) In furtherance of the foregoing tax covenant, the Successor Agency shall comply with the provisions of the Tax Certificate, which is incorporated in this Indenture as if fully set forth in this Indenture. These covenants shall survive payment in full or defeasance of the Bonds.

SECTION 5.08 Housing DDA Obligation Fund. The Successor Agency shall cause the Trustee (or another escrow agent, as determined by the Successor Agency) to establish a fund hereby designated the "Housing DDA Obligation Fund." The aggregate amount of moneys to be deposited in the Housing DDA Obligation Fund shall not exceed \$3,500,000, from the following sources: (a) a deposit by the Successor Agency on the Closing date, in an amount not less than \$1,760,000 from funds on hand from RPTTF disbursements received before June 2016); (b) moneys that the Successor Agency receives from the RPTTF disbursement in June 2016, in an amount not exceeding \$775,000; and (c) moneys that the Successor Agency receives from RPTTF disbursement in January 2017, in an amount not exceeding \$965,000. Moneys deposited in the Housing DDA Obligation Fund shall be subject to withdrawal upon Written Request of the Successor Agency: (i) for the Successor Agency's payment of its obligation under Section 301 of the Disposition and Development Agreement, dated as of April 12, 2011, by and between EAH INC. and the Former Agency (as succeeded by the Successor Agency), or (ii) for release to the Successor Agency for any lawful purpose, upon the Successor Agency's determination that the moneys in the Housing DDA Obligation Fund is no longer needed for the purpose of clause (i). Moneys in the Housing DDA Obligation Fund shall be invested in accordance to the Successor Agency's written instructions given to the Trustee before the Closing Date. All earnings from such investment shall be retained in the Housing DDA Obligation Fund. Once all of the moneys have been drawn from the Housing DDA Obligation Fund, such fund shall be closed. The Trustee (or such other escrow agent holding the Housing DDA Obligation Fund) may definitively rely on the Written Request of the Successor Agency furnished to it by the Successor Agency pursuant to this Section 5.08. Moneys in the Housing DDA Obligation Fund are not be pledged and do not serve as security for payment of the 2016 Bonds.

SECTION 5.09 Further Assurances. The Successor Agency shall adopt, make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

ARTICLE VI
TRUSTEE

SECTION 6.01 Trustee.

(a) U.S. Bank National Association, having a corporate trust office in San Francisco, California, is hereby appointed Trustee under this Indenture for the purpose of receiving all money which the Successor Agency is required to deposit with the Trustee under this Indenture and to allocate, use and apply the same as provided in the Indenture.

(b) The Successor Agency may at any time, but only prior to an Event of Default or after the curing or waiver of an Event of Default and only upon 30 days written notice, at its sole discretion remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank, national banking association, banking institution (state or federal) or trust company with a corporate trust office in California, having a combined capital, exclusive of borrowed capital, and surplus (or whose parent holding company has a combined capital, exclusive of borrowed capital, and surplus) of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such bank, banking institution or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association, banking institution or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(c) The Trustee may at any time resign by giving written notice to the Successor Agency. Any successor trustee appointed under this Indenture shall give notice of such appointment to the Owners, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If, within 30 days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

(d) The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Successor Agency and shall upon Written Request of the Successor Agency deliver a certificate of destruction to the Successor Agency. The Trustee shall keep accurate records of all Bonds paid and discharged and destroyed by it.

(e) The Successor Agency shall from time to time, subject to any agreement between the Successor Agency and the Trustee then in force, pay to the Trustee compensation for its services rendered by it in the execution of the trusts hereby created and in the exercise and

performance of any of the powers and duties under this Indenture of the Trustee, which compensation shall not be limited by any provision of law with respect to the compensation of a trustee of an express trust, and the Successor Agency shall reimburse the Trustee for all its advances (with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (including in-house counsel to the extent not duplicative of other counsel's work) and engineers or other experts employed by it, and reasonably required, in the exercise and performance of its powers and duties under this Indenture.

SECTION 6.02 Indemnification. The Successor Agency shall indemnify and save the Trustee, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (i) the exercise and performance by the Trustee of any of its powers and duties under this Indenture, or (ii) the offering and sale of the Bonds or the distribution of any official statement or other offering circular utilized in connection with the sale of the Bonds; provided, that the Successor Agency shall not be liable for actions caused by the Trustees' own negligence or willful misconduct. The Trustee's rights to indemnification and protection from liability under this Indenture and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. The Trustee shall not be liable for the sufficiency or collection of any Tax Revenues or other moneys required to be paid to it under the Indenture (except as provided in this Indenture), or its right to receive moneys pursuant to the Indenture.

SECTION 6.03 Limitation on Liability.

(a) The recitals of facts, covenants and agreements contained in this Indenture, in the Bonds and in any instruments of further assurance shall be taken as statements, covenants and agreements of the Successor Agency, and the Trustee does not assume any responsibility for the correctness of the same, or make any representation as to the validity or sufficiency of the Indenture or of the Bonds, the adequacy of any security afforded thereunder, or the correctness or completeness of any information contained in any offering material distributed in connection with the sale of the Bonds, or incur any responsibility in respect of any of the foregoing, other than in connection with the duties or obligations in this Indenture or in the Bonds assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties under this Indenture, except for its own negligence or willful misconduct. The Trustee may become an Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary 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 Bond 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 responsible for the validity, genuineness or performance of any leases, contracts or other instruments at any time conveyed, mortgaged, hypothecated, pledged, assigned or transferred to it under this Indenture, or with respect to the obligation of the Successor Agency to preserve and keep unimpaired the rights of the Successor Agency under or concerning any such leases, contracts or other instruments. The Trustee makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Bonds. In accepting the trust hereby created,

the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners, the Successor Agency and the City, having any claim against the Trustee arising from this Indenture not attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee under this Indenture for payment except as otherwise specifically provided in this Indenture.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Owner pursuant to this Indenture unless the Trustee shall have received reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(d) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(e) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such 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.

(f) In the absence of negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture.

(g) The Trustee is not accountable for the use by the Successor Agency of funds which the Trustee releases to the Successor Agency or which the Successor Agency otherwise receives, or to verify compliance by the Successor Agency, or for the adequacy or validity of any collateral or security interest securing this Indenture or the Bonds. The Trustee has no obligation to incur individual financial or other liability or risk in performing any duty or in exercising any right under this Indenture.

(h) The Trustee shall not be deemed to have knowledge of any Event of Default other than a payment default under this Indenture unless the Trustee shall be specifically notified in writing of such default by the Successor Agency or by the Owners of at least 25 percent in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid. 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 in this Indenture or in any of the documents executed in connection with the Bonds. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Indenture upon the request of authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond executed and delivered in exchange therefor or in place thereof.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Bonds 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.

(k) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture. The Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations (fiduciary or otherwise) shall be read into this Indenture against the Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Bonds. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee, in its individual or any other capacity, may become the Owner of any Bonds or other obligations of any party hereto with the same rights which it would have if not the Trustee and may act as a 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 owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding. At any and all reasonable times, the Trustee, and its agents shall have the right (but not any duty) to inspect the books, papers and records of the Successor Agency and the City pertaining to the receipt of Tax Revenues and the Bonds, and to take such memoranda therefrom and with regard thereto and make photocopies thereof as may be desired. Before taking or refraining from any action under this Indenture at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect.

(l) The Trustee shall not be considered in breach of or in default with respect to any obligations created under this Indenture, in the event of an enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, or of the public enemy, acts of a government, acts of the other party hereto, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to governmental action or inaction pertaining to the Project Area, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee; provided, that in the event of any such enforced delay, the Trustee shall notify the Successor Agency in writing within five Business Days after (i) the occurrence of the event giving rise to such delay, (ii) the Trustee's actual knowledge of the impending enforced delay, or (iii) the Trustee's knowledge of sufficient facts under which a reasonable person would conclude the enforced delay will occur.

SECTION 6.04 Reliance by Trustee.

(a) The Trustee shall be protected in acting upon any notice, indenture, request, consent, order, certificate, report, bond, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the Successor Agency, with regard to legal questions.

(b) 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 such person is the registered owner of such Bond as shown on the registration books.

(c) Whenever in the administration of its duties under the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Successor Agency (unless other evidence in respect thereof is specifically prescribed in this Indenture) and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

SECTION 6.05 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything in this Indenture to the contrary notwithstanding.

SECTION 6.06 Acceptance of Instructions by Electronic Transmission. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, the Trustee 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 Successor Agency elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee elects to act upon such instructions, the Trustee's reasonable understanding of such instructions shall be deemed controlling. 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 whether such instructions conflict or are inconsistent with a subsequent written instruction. The Successor Agency agrees to assume all risks arising out of the use by the Successor Agency of such electronic methods to submit instructions and directions 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. Notwithstanding the foregoing, the protection afforded to the Trustee

in each provision of this paragraph shall be operative only in the absence of the Trustee's negligence or willful misconduct.

ARTICLE VII AMENDMENT OF THE INDENTURE

SECTION 7.01 Amendment by Consent of Owners. The Indenture and the rights and obligations of the Successor Agency and of the Owners may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the affected Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Successor Agency to pay the interest or principal or redemption premium, if any, at the time and place and at the rate and in the currency provided in this Indenture, of any Bond, without the express written consent of the Owner of such Bond, or (2) permit the creation by the Successor Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds, except as provided in Section 5.02, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify the rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the Successor Agency and of the Owners may also be amended at any time by a Supplemental Indenture which shall become binding upon execution, without the consent of any Owners, but [subject to Section 10.02 and] only to the extent permitted by law, for any one or more of the following purposes:

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

(b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Successor Agency may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interest of the Owners;

(c) To modify, amend or supplement this Indenture in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(d) To maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes (except with respect to the Bonds which the Successor Agency certifies to the Trustee are not intended to qualify for such exclusion);

(e) To the extent necessary to obtain a bond insurance policy, to obtain a rating on the Bonds or in connection with satisfying all or a portion of the Reserve Requirement by crediting a letter of credit or other forms of Qualified Reserve Account Credit Instrument to the Reserve Account; or

(f) For any other purpose that does not materially adversely affect the interests of the Owners.

SECTION 7.02 Disqualified Bonds. Bonds owned or held by or for the account of the Successor Agency or the City shall not be deemed Outstanding for the purpose of any consent or other action in this Indenture provided for, and shall not be entitled to consent to, or take any other action in this Indenture provided for; provided, however, that for purposes of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held will be disregarded.

SECTION 7.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as provided above in this Indenture, the Successor Agency may determine that the Bonds may bear a notation, by endorsement in form approved by the Successor Agency, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of such Owner's Bond for such purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bond. If the Successor Agency shall so determine, new Bonds so modified as, in the opinion of the Successor Agency, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

SECTION 7.04 Opinion of Counsel. The Trustee may conclusively accept an opinion of nationally recognized bond counsel to the Successor Agency that an amendment of the Indenture is in conformity with the provisions of this Article.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Notwithstanding anything to the contrary in this Article VIII, so long as the Bond Insurance Policy remains in effect and the Bond Insurer has not defaulted with respect to its obligations under the Bond Insurance Policy, all provisions of this Article IX shall be subject to, and qualified by, the provisions set forth in Article X hereof, including, without limitation, the Bond Insurer's right to consent to acceleration of the Bonds, and the Bond Insurer's right to consent to or direct certain Trustee, Successor Agency or Owner actions.

SECTION 8.01 Events of Default and Acceleration of Maturities. If one or more of the following events (herein called "Events of Default") shall happen, that is to say:

(a) If default shall be made in the due and punctual payment of the principal (including any Sinking Account Installment) of 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 in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(c) If default shall be made by the Successor Agency in the observance of any of its agreements, conditions or covenants contained in the Indenture or in the Bonds, and such default shall have continued for a period of 30 days after the Successor Agency shall have been given notice in writing of such default by the Trustee; provided, however, that such default shall not constitute an Event of Default under this Indenture if the Successor Agency shall commence to cure such default within said 30 day period and thereafter diligently and in good faith proceed to cure such default within said 30-day period or such longer period as the Trustee or the Owners of a majority in aggregate principal amount of the affected Bonds then Outstanding may consent to in writing; or

(d) If the Successor Agency shall file a petition or answer 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 shall approve a petition, filed with or without the consent of 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 shall assume custody or control of the Successor Agency or of the whole or any substantial part of the Successor Agency's property;

Then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, by notice in writing to the Successor Agency, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in the Indenture or in the Bonds to the contrary notwithstanding.

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 money due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of interest which would have been paid on such overdue principal on such overdue installments of principal, and the fees and expenses of the Trustee, including attorneys fees, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made for the Bonds, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. No such rescission and annulment shall extend

to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent on the Bonds.

SECTION 8.02 Application of Funds upon Acceleration. All money in the funds and accounts provided for in the Indenture (other than any moneys for payment of the Rebate Amount) upon the date of the declaration of acceleration by the Trustee as provided in Section 8.01, and all Tax Revenues in the Special Fund and thereafter received by the Successor Agency (which shall be promptly transmitted to the Trustee) shall be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents and counsel, to the payment of any other amounts then due and payable to the Trustee, including any predecessor trustee, with respect to or in connection with this Indenture, whether as compensation, reimbursement, indemnification or otherwise, and, thereafter, to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents and counsel;

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on the overdue principal to the extent permitted by law at the net effective interest rate then borne by the Outstanding Bonds; provided, however, that in the event the amount then so held by the Trustee shall be insufficient to make all the payments required by this clause, then such money shall be applied to the payment of the principal of and interest on all Outstanding Bond then due and payable ratably (based on the principal amount of Bonds owned by each Owner), without any discrimination or preferences.

SECTION 8.03 Other Remedies of Owners. Any Owner shall have the right, subject to the provisions of Section 8.08, for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce such Owner's rights against the Successor Agency and any of the members, officers and employees of the Successor Agency, and to compel the Successor Agency or any such members, officers or employees to perform and carry out their duties under the Law and their agreements with the Owners as provided in the Indenture;

(b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Owners; or

(c) Upon the happening of an Event of Default (as defined in Section 8.01), by a suit in equity to require the Successor Agency and its members, officers and employees to account as the trustee of an express trust.

SECTION 8.04 Non-Waiver. A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner or the Trustee 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 in such default, and every power and remedy conferred upon the Owners by the Law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

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

SECTION 8.05 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 under this Indenture may be brought by the Trustee for the equal benefit and protection of all Owners, and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued under this Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the 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 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 enforce any right or remedy unless it has been indemnified by the Owners from any liability or expense including without limitation fees and expenses of its attorneys.

SECTION 8.06 Remedies Not Exclusive. No remedy conferred upon or reserved to the Owners in this Indenture 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 under this Indenture 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 law.

SECTION 8.07 Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee under this Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

SECTION 8.08 Limitation on Owners' Right to Sue.

(a) No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Law or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Trustee shall not

have received contrary directions from the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(b) Such notification, request, tender or indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under this Indenture or under law. It is understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners, or to enforce any right under this Indenture, the Law or other applicable law with respect to the Bonds, except in the manner provided in this Indenture. All proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in this Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

(c) Nothing in this Section or in any other provision of the Indenture, or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity and Sinking Account Payment Dates, as provided in this Indenture, out of the Tax Revenues pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture.

ARTICLE IX DEFEASANCE

SECTION 9.01 Discharge of Indebtedness. If the Successor Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest on and the principal of such Bonds, when due, at the times and in the manner stipulated in such Bonds and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Tax Revenues, and all covenants, agreements and other obligations of the Successor Agency to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute at the Written Request of the Successor Agency, and at the expense of the Successor Agency, and deliver to the Successor Agency all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall, after payment of amounts due the Trustee under this Indenture, pay over or deliver to the Successor Agency all money or securities held by the Trustee pursuant to the Indenture which are not required for the payment of the interest due on and the principal of and premium, if any, due on such Bonds other than the moneys, if any, for the payment of the applicable Rebate Amount.

Bonds for the payment of which money shall have been set aside (through deposit by the Successor Agency or otherwise) to be held in trust by the Trustee for such payment at the maturity or redemption date of such Bonds shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the first paragraph of this Section.

Any Outstanding Bonds shall prior to the maturity date of such Bonds be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if:

(1) There shall have been deposited with the Trustee (or another fiduciary or escrow agent) either money in an amount which shall be sufficient, or Federal Securities (including any Federal Securities issued or held in Book-Entry form on the books of the Department of the Treasury of the United States of America), the principal of and the interest on which when paid will provide money that, together with the money, if any, deposited with the Trustee (or fiduciary or escrow agent) at the same time, shall be sufficient to pay when due the interest due and to become due on such Bonds on and prior to the maturity date of such Bonds or such earlier redemption date as shall be irrevocably established, and the principal of and redemption premium, if any, on such Bonds (such interest, principal and redemption premium, if any, being referred to below as the "Refunding Requirement"); provided that, unless such deposit consists of an amount in cash, which in and of itself, is sufficient to pay the Refunding Requirement in full, the sufficiency of the Federal Securities and other moneys so deposited with the Trustee (or fiduciary or escrow agent) shall be appropriately verified by an Independent Certified Public Accountant in a verification report.

(2) The Successor Agency shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (1) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or earlier redemption date upon which money is to be available for the payment of the principal of such Bonds.

Neither Federal Securities nor money deposited with the Trustee pursuant to this Section nor interest or principal payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of such Bonds; provided that any cash received from such interest or principal payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested at the written direction of the Successor Agency in Federal Securities maturing at times and in amounts sufficient to pay when due the interest on and principal of such Bonds on and prior to such maturity date thereof, and interest earned from such reinvestments shall be maintained in the related escrow fund until such time as the Refunding Requirements have been paid in full (but solely to the extent that does not affect the Tax-Exempt status of Bonds). For the purposes of this Section, Federal Securities shall mean and include only such securities as are not subject to redemption prior to their maturity.

SECTION 9.02 Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest on such Bonds which remain unclaimed for two years after the date when such Bonds or interest on such Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the said date when such Bonds or interest on such Bonds become due and payable, shall be repaid by the Trustee to the Successor Agency, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners

shall look only to the Successor Agency for the payment of such Bonds; provided, however, that before being required to make any such payment to the Successor Agency, the Trustee shall, at the Written Request of the Successor Agency and at the expense of the Successor Agency, cause to be mailed to the registered Owners of such Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Successor Agency. Any money held by the Trustee in trust for the payment and discharge of any Bonds shall not bear interest or be otherwise invested from and after such maturity or redemption date.

ARTICLE X BOND INSURANCE

SECTION 10.01 Payment under Bond Insurance Policy. So long as the Bond Insurance Policy remains in full force and effect, the following provisions shall apply with respect to payments under the Bond Insurance Policy:

(a) *[to come, if applicable]*

SECTION 10.02 Additional Rights of Bond Insurer. So long as the Bond Insurance Policy shall be in full force and effect and the Bond Insurer has not defaulted with respect to its payment obligations thereunder, the following provisions shall apply:

(a) *[to come, if applicable]*

SECTION 10.03 Suspension of Rights of Bond Insurer. All rights of the Bond Insurer to direct or consent to actions of the Successor Agency, the Trustee or the Owners under this Indenture shall be (a) suspended during any period in which such Bond Insurer is then in default in its payment obligations under the Bond Insurance Policy (except to the extent of amounts previously paid by the Bond Insurer and due and owing to the Bond Insurer) and (b) of no force or effect in the event the Bond Insurance Policy is no longer in effect or the Bond Insurer asserts that the Bond Insurance Policy is not in effect.

ARTICLE XI MISCELLANEOUS

SECTION 11.01 Liability of Successor Agency Limited to Tax Revenues. Notwithstanding anything contained in the Indenture, the Successor Agency shall not be required to advance any money derived from any source of income other than the Tax Revenues for the payment of the interest on or the principal of the Bonds. The Successor Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose. The Successor Agency's obligation to pay the Rebate Amount to the United States of America pursuant to the Tax Certificate shall be considered the general obligation of the Successor Agency and shall be payable from any available funds of the Successor Agency.

The Bonds are limited obligations of the Successor Agency and are payable, as to interest on and principal of the Bonds, exclusively from the Tax Revenues, and the Successor Agency is not obligated to pay them except from the Tax Revenues. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues, and the Tax Revenues constitute a trust fund for the security and payment of the interest on and the principal of the Bonds. The Bonds are not a debt of the City, the State or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Successor Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Successor Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

SECTION 11.02 Benefits of Indenture Limited to Parties. Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, the Bond Insurer and the Owners any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements contained in the Indenture by and on behalf of the Successor Agency or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee, the Bond Insurer and the Owners.

SECTION 11.03 Successor Deemed Included in All References to Predecessor. Whenever in the Indenture either the Successor Agency or any member, officer or employee of the Successor Agency is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Successor Agency, that are presently vested in the Successor Agency or such member, officer or employee, and all the agreements, covenants and provisions contained in the Indenture by or on behalf of the Successor Agency or any member, officer or employee of the Successor Agency shall bind and inure to the benefit of the respective successors of the Successor Agency whether so expressed or not.

SECTION 11.04 Execution of Documents by Owners. Any request, consent, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

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

Except as otherwise expressly provided in this Indenture, the amount of Bonds transferable by delivery held by any person executing such request, consent, declaration or other instrument or writing as an Owner, and the numbers thereof, and the date of such Owner's holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the

Trustee, executed by a trust company, bank or other depository wherever situated, showing that at the date therein mentioned such person had on deposit with such depository the Bonds described in such certificate. The Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The ownership of Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books provided for in Section 2.08.

Any request, 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 in good faith and in accordance therewith.

SECTION 11.05 Waiver of Personal Liability. No member of the Successor Agency governing board, or officer or employee of the Successor Agency shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing contained in this Indenture shall relieve any member, officer or employee of the Successor Agency from the performance of any official duty provided by law.

SECTION 11.06 Content of Certificates and Reports. Any certificate made or given by an officer of the Successor Agency may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which such officer's Certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters or information with respect to which is in the possession of the Successor Agency, upon the certificate or opinion of or representations by an officer or officers of the Successor Agency, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in exercise of reasonable care should have known that the same were erroneous.

SECTION 11.07 Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Successor Agency or the Trustee may be established and maintained in the accounting records of the Successor Agency or the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

SECTION 11.08 Destruction of Cancelled Bonds. Whenever provision is made for the surrender of any Bonds which have been paid or canceled pursuant to the provisions of this Fiscal Agent Agreement, the Trustee shall cancel and destroy such Bonds and upon Written Request of the Successor Agency furnish to the Successor Agency a certificate of such destruction.

SECTION 11.09 CUSIP Numbers. Neither the Successor Agency nor the Trustee shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice relating thereto. The Trustee may, in its discretion, include in any redemption

notice relating to any of the Bonds a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Successor Agency nor the Trustee shall be liable for any defects or inaccuracies in such numbers.

SECTION 11.10 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof provided in the Indenture to be performed on the part of the Successor Agency (or of the Trustee) should be contrary to law, then such agreement or agreements, such covenant or covenants, or such portions thereof, shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the Indenture or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The Successor Agency hereby declares that it would have adopted the Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase of this Indenture and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.11 Notices. Any notice, request, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled to such notice at its address set forth below, or by telecopy or other form of telecommunication, with prompt telephone confirmation. Notice shall be effective (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (c) if given by first class, registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if by other means of personal delivery, upon receipt by the intended recipient of the notice. Each entity below may, by written notice to the other party, from time to time modify the address or number to which communications are to be given under this Indenture:

If to the Successor Agency: Successor Agency to the Turlock Redevelopment Agency
156 South Broadway, Suite 230
Turlock, CA 95380
Attention: Executive Director
Fax: (209) 668-5529
Telephone: (209) 668-5540

If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Fax: (415) 667-3768
Telephone: (415) 677-3599

[Notices to the Bond Insurer shall be sent to the address indicated in Section 10.02().]

Any of the foregoing persons may, by notice given under this Section, designate any further or different addresses, telephone numbers or facsimile transmission numbers to which subsequent notices, certificates, requests or other communications shall be directed.

SECTION 11.12 Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Successor Agency and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 11.13 Business Days. When any action is provided for in this Indenture to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 11.14 Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Successor Agency to the Turlock Redevelopment Agency has caused this Indenture to be signed in its name by its Authorized Officer and U.S. Bank National Association, in token of its acceptance of the trusts created under this Indenture, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

SUCCESSOR AGENCY TO THE TURLOCK
REDEVELOPMENT AGENCY

By: _____
Executive Director

Attest:

Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

APPENDIX A

FORM OF BOND

[Unless this certificate is presented by an authorized representative of the Depository Trust Company, a New York Corporation ("DTC"), to the Successor Agency to the Turlock Redevelopment Agency or its agent for registration of transfer, exchange, or payment, and any certificate 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 persons is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

No. _____ \$ _____

SUCCESSOR AGENCY TO THE TURLOCK REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BOND
SERIES 2016

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
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REGISTERED OWNER: [CEDE & CO.]

PRINCIPAL AMOUNT:

The Successor Agency to the Turlock Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the laws of the State of California (the "Successor Agency"), for value received hereby promises to pay to the registered owner specified above, or registered assigns, on the Maturity Date specified above the Principal Amount specified above, together with interest thereon until the principal of this bond (the "Bond") shall have been paid. Interest on this Bond shall be payable semiannually on [March 1, 2017] and thereafter on September 1 and March 1 each year (each an "Interest Payment Date"). This Bond shall bear interest at the Interest Rate specified above from the Interest Payment Date next preceding the date of authentication hereof, unless (i) it is authenticated during the period from the day after the Record Date for an Interest Payment Date (i.e., the 15th day of the month next preceding such Interest Payment Date) to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the dated date shown above; provided, however, that if, at the time of authentication, interest with respect to this Bond is in default, it shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to this Bond.

Both the interest on and principal of this Bond are payable in lawful money of the United States of America. The principal (or redemption price) hereof is payable upon surrender of this Bond at maturity or the earlier redemption of this Bond at the corporate trust office of U.S. Bank National Association (the "Trustee") in St. Paul, Minnesota, or at such other office as the Trustee may designate (the "Trust Office"). Interest on this Bond is payable by check mailed on each Interest Payment Date by first class mail to the person in whose name this Bond is registered at the close of business on the Record Date of the applicable Interest Payment Date at such person's address as it appears on the registration books of the Trustee, or upon written request received by the Trustee prior to the Record Date for an Interest Payment Date of an Owner of Bonds in the aggregate principal amount of \$1,000,000 or more, by transfer in immediately available funds to an account within the United States designated by such Owner.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated Successor Agency to the Turlock Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016 (the "Bonds"), limited in aggregate principal amount to \$_____, issued under the provisions of Section 34177.5 of the California Health and Safety Code and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"), and pursuant to the provisions of an Indenture, dated as of _____, 2016 by and between the Successor Agency and the Trustee (as the same may be amended or supplemented from time to time pursuant to the terms thereof, the "Indenture"). Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Indenture.

The Bonds are issued for the purposes of effecting a refunding of outstanding loans incurred by the former Turlock Redevelopment Agency, which were incurred to finance the costs of redevelopment within the Turlock Redevelopment Project, a redevelopment project area located in the City of Turlock, California.

The Bonds are equally secured by a pledge of, and charge and lien upon, the Tax Revenues, and the Tax Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds. Subject to the terms and conditions set forth in the Indenture, additional tax allocation bonds payable from the Tax Revenues may be issued which will rank equally as to security with the Bonds, but only for the purposes of refunding a portion of the Bonds.

Reference is hereby made to the Indenture, to any supplemental indentures thereto and to the Refunding Bond Law and the Law (as amended by the Dissolution Act) for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds. All the terms of the Indenture, the Refunding Bond Law and the Law (as amended by the Dissolution Act) are hereby incorporated herein and constitute a contract between the Successor Agency and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by such owner's acceptance hereof, consents and agrees. Each registered owner hereof shall have recourse to all the provisions of the Refunding Bond Law, the Law (as amended by the Dissolution Act) and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds maturing on or before September 1, 20__ shall not be subject to optional redemption prior to their maturity. The Bonds maturing on or after September 1, 20__ shall be subject to redemption as a whole or in part, from such maturities as the Successor Agency shall designate prior to their maturity at the option of the Successor Agency on any date on or after September 1, 20__, from funds derived by the Successor Agency from any source, at a redemption price equal to 100 percent of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

The Bonds maturing on September 1, 20__ and September 1, 20__ shall be subject to mandatory sinking account redemption in part by lot at a redemption price equal to the principal amount thereof to be redeemed, without premium, on September 1 of the years and in the aggregate respective principal amounts set forth in the Indenture.

As provided in the Indenture, notice of redemption of any Bond shall be sent by first class mail (or such other means as acceptable to the recipient of such notice) not more than 60 days and not less than 30 days prior to the redemption date, to the respective Owner of this Bond at the address appearing on the registration books of the Trustee and to certain securities depository and information services. Failure to receive such notice shall not affect the sufficiency of such proceedings for redemption. If notice of redemption has been duly given as aforesaid and money for payment of the above described redemption price is held by the Trustee, then such Bonds shall, on the redemption date designated in such notice, become due and payable at the above described redemption price; and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue and registered owners of such Bonds shall have no rights in respect thereof except to receive payment of such redemption price thereof.

If an Event of Default 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; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding.

The registered owner of any Bond(s) may surrender the same at the Trust Office in exchange for an equal aggregate principal amount of fully registered Bonds of any other authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon a register to be kept for that purpose at the Trust Office by the registered owner of this Bond in person, or by such registered owner's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such registered owner's duly authorized attorney, and thereupon a new fully registered Bond(s), in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Successor Agency and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner of this Bond for the purpose of receiving payment of, or on account of, the interest on and principal of and redemption premium, if any, on this Bond and for all other purposes. The Trustee shall not be required to register the transfer or exchange of any Bond during the 15 days preceding

any date established by the Trustee for selection of Bonds for redemption or any Bonds which have matured or been selected for redemption.

The rights and obligations of the Successor Agency and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such amendment shall (1) extend the maturity of this Bond, or reduce the interest rate on this Bond, or otherwise alter or impair the obligation of the Successor Agency to pay the interest on, principal of or any premium payable on the redemption of this Bond at the time and place and at the rate and in the currency provided in this Bond, without the express written consent of the registered owner of this Bond, or (2) permit the creation by the Successor Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds and all additional parity tax allocation bonds authorized by the Indenture, except as provided in the Indenture, or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto; all as more fully set forth in the Indenture.

This Bond is not a debt of the City of Turlock, the State of California or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable on this Bond, nor in any event shall this Bond or any interest on this Bond or any redemption premium on this Bond be payable out of any funds or properties other than Tax Revenues and the funds pledged pursuant to the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and neither the members of the Successor Agency nor any persons executing the Bonds shall be personally liable on the Bonds by reason of their issuance.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration on this Bond endorsed shall have been manually signed by the Trustee.

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

IN WITNESS WHEREOF, the Successor Agency to the Turlock Redevelopment Agency has caused this Bond to be executed in its name and on its behalf by its Chair and attested by its Secretary, and has caused this Bond to be dated the date first written above.

SUCCESSOR AGENCY TO THE TURLOCK
REDEVELOPMENT AGENCY

By: _____
Chair

Attest:

Secretary

=====

[TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture and registered on the Bond Registration Books.

Date: _____, 20__

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

STATEMENT OF INSURANCE

[to come].

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____, whose tax identification number is _____, the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

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

NOTICE: Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or other similar program.

APPENDIX B

FORM OF COSTS OF ISSUANCE FUND REQUISITION

REQUISITION NO. ____

with reference to

\$ _____

Successor Agency to the Turlock Redevelopment Agency
Tax Allocation Refunding Bonds,
Series 2016

I. The Successor Agency to the Turlock Redevelopment Agency (the "Successor Agency") hereby requests U.S. Bank National Association, as trustee (the "Trustee") pursuant to that certain Indenture dated as of _____, 2016 (the "Indenture") between the Successor Agency and the Trustee, under the terms of which the Successor Agency has issued the above-captioned Bonds to pay from the moneys in the Costs of Issuance Fund established pursuant to Sections 4.04 of the Indenture, the amounts shown on Schedule I attached hereto to the parties indicated in Schedule I. Such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule I or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions given by the Successor Agency with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

II. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule I hereto.

III. Each obligation mentioned in Schedule I hereto has been properly incurred and is a proper charge against the Costs of Issuance Fund. None of the items for which payment is requested has been reimbursed previously from the Costs of Issuance Fund.

DATED: _____, 20__

SUCCESSOR AGENCY TO THE TURLOCK
REDEVELOPMENT AGENCY

By: _____
[Title]