

**AGENDA**  
**REGULAR MEETING OF THE**  
**CITY OF KING CITY COUNCIL**  
**AND**  
**Sitting as SUCCESSOR AGENCY OF**  
**THE RDA FOR THE CITY OF KING**

**TUESDAY, MARCH 8, 2016**  
**6:00 P.M.**

**CITY HALL**  
**212 S. VANDERHURST AVENUE**  
**KING CITY, CALIFORNIA 93930**

*\*Spanish interpretation services will be available at meeting*

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting, Please contact the City Clerk's Office (831-386-5925) at least 48 hours prior to the Meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting.*

*\* Please submit all correspondence for City Council PRIOR to the meeting with a copy to the City Clerk.*

**1. CALL TO ORDER**

**2. ROLL CALL:** Council Members Darlene Acosta, Belinda Hendrickson, Mike LeBarre, Mayor Pro Temp. Karen Jernigan, and Mayor Robert Cullen

**3. FLAG SALUTE**

**4. CLOSED SESSION ANNOUNCEMENTS**

**5. SPECIAL PRESENTATIONS**

A. Red Cross Proclamation

B. Update on King City Library, Robin Cauntay, Librarian III

**6. PUBLIC COMMENT**

Any member of the public may address the Council for a period not to exceed *three minutes* total on any item of interest within the jurisdiction of this Council that is not on the agenda. The Council will listen to all communications; however, in compliance with the Brown Act, the Council cannot act on items not on the agenda. Comments should be directed to the Council as a whole and not to any individual Council Member. Slanderous, profane or personal remarks against any Council Member, staff member or member of the audience is not permitted.

**7. COUNCIL COMMUNICATIONS & COMMITTEE REPORTS**

Individual Council Members may comment on Council business, his or her Council activities, City operations, projects or other items of community interest. Council Members may also request staff to report back at a subsequent meeting on any matter or take action to direct staff to prepare a staff report for a future agenda.

**8. STAFF COMMUNICATIONS**

Comments presented by the City Manager, City Attorney or other staff on City business and/or announcements.

## **9. CONSENT AGENDA**

The following items listed below are scheduled for consideration as a group. The recommendations for each item are noted. Members of the audience may speak on any item(s) listed on the Consent Agenda. Any Council Member, the City Manager, or the City Attorney may request that an item be withdrawn from the Consent Agenda to allow for full discussion. The Council may approve the remainder of the Consent Agenda on one motion. Items withdrawn from the Consent Agenda may be considered by separate motions at the conclusion of the discussion of each item.

- A. **Monthly Treasurer's Report-January 2016**  
Recommendation: approve and file.
- B. **Successor Agency Monthly Treasurer's Report-January 2016**  
Recommendation: approve and file.
- C. **City Check Register**  
Recommendation: approve and file.
- D. **Successor Agency Check Register**  
Recommendation: approve and file.
- E. **Consideration of Notice of Completion-Mesa Del Rey Airport, Visual Aid Improvements-FAA AIP Project No. 3-06-0113-011 and authorize City Manager to execute and file a Notice of Completion with the Monterey County Recorder's Office, and submit the closeout packet to the FAA**  
Recommendation: approve Resolution No. 2016-4449, a resolution of the City Council of the City of King accepting completion of the Mesa Del Rey Airport-Visual Aid Improvements AIP No. 3-06-0113-011.
- F. **Consideration of Part-time Deputy City Clerk Position**  
Recommendation: 1) approve creation of a part-time position; 2) approve the proposed job description; and 3) appropriate \$2,500 for FY 2015-16.
- G. **Consideration of Resolution approving the form and authorizing the execution of a of a bond purchase agreement, a placement agent agreement and revisions to the indenture in connection with the issuance and sale of tax allocation refinancing redevelopment activities within and for the benefit of the King City Redevelopment activities within and for the benefit of the King City Redevelop project of the Former Community Development Agency of the City of King**  
Recommendation: Successor Agency adopt Resolution No. SA 2016-001, Approving the Form and Authorizing the Execution of a Bond Purchase Agreement, a Placement Agent Agreement and Revisions to the Indenture in Connection with the Issuance and Sale of Tax Allocation Refunding Bonds to Refinance Redevelopment Activities within and for the Benefit of the King City Redevelopment Project of the Former Community Development Agency of the City of King.
- H. **Consideration of Agreement for Consultant Services to Assist City in Preparing District Election Map**  
Recommendation: approve and authorize the City Manager to execute a consultant services agreement with National Demographics Corporation ("NDC").

## **10. PUBLIC HEARINGS**

- A. Consideration of 2016 CDBG Program Application Process and Funding Goals  
Recommendation: 1) receive public input; and 2) direct staff to proceed to prepare a 2016 CDBG application and schedule the second Public Hearing for the April 12, 2016 meeting.
- B. Consideration of Fee Modifications for the Recreation Department  
Recommendation: adopt a Resolution approving the fee schedule modifications for the Recreation Department.
- C. Consideration of Ordinance Amending Zoning Text to Allow Farmworker Housing in the First Street Corridor Zoning District  
Recommendation: conduct a public hearing and introduce and conduct a first reading, by title only, of an Ordinance which would amend the zoning text to allow farmworker housing in the First Street Corridor ("FSC") Zoning District.

## **11. REGULAR BUSINESS**

### **12. CITY COUNCIL CLOSED SESSION**

Announcement(s) of any reportable action(s) taken in Closed Session will be made in open session, and repeated at the beginning of the next Regular City Council meeting as this portion of the meeting is not recorded.

- A. Conference with Legal Counsel  
Anticipated Litigation: 1 Case  
Gov. Code Section: 54956(e) Logan

## **13. ADJOURNMENT**



## Item 9(A)

### REPORT TO THE CITY COUNCIL

**DATE:** MARCH 8, 2016  
**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** STEVEN ADAMS, CITY MANAGER  
**BY:** PATRICIA GRAINGER, ACCOUNTANT  
**RE:** MONTHLY TREASURER'S REPORT – JANUARY 2016

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#### RECOMMENDATION:

It is recommended City Council receive and file.

#### BACKGROUND:

The California Government Code Section 41004 states "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances."

#### DISCUSSION:

The California Government Code authorizes and regulates the investment of local agency (city and county) funds. The City currently invests its funds with the Local Agency Investment Fund (LAIF) Program, administered by the State of California Treasurer's office. The City's housing rehab account is held at 1<sup>st</sup> Capital Bank, and the City's checking and payroll accounts, as well as developer deposits, are held at Well Fargo Bank, located at 506 Broadway, King City, CA 93930. A summary of investments and returns for the City is provided in the attached report.

#### COST ANALYSIS:

There is no fiscal impact as a result of this action.

**CITY COUNCIL  
MONTHLY TREASURER'S REPORT – DECEMBER 2015  
MARCH 8, 2016  
PAGE 2 OF 2**

**ALTERNATIVES:**

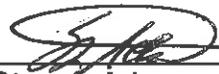
The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

Exhibits:

1. Investment Report

Submitted by:   
Patricia Granger, Accountant

Approved by:   
Steven Adams, City Manager

**City of King**  
Investment Report  
Schedule of Cash and Investments  
January 31, 2015

Investment Instrument		Yield	Amount	Maturity	Value
<b>Invested by City Treasurer</b>					
<b>Institution</b>	<b>Investment Type</b>				
State of California LAIF - City	Pooled	0.37%	5,093,000.21	On Demand	N/R
1st Capital Bank	Checking Acct Housing Rehab	-	91,920.07	On Demand	N/R
Wells Fargo Bank	General Checking	-	664,621.06	On Demand	N/R
Wells Fargo Bank	Payroll Checking Account	-	46,927.79	On Demand	N/R
Petty Cash/ Police	Change Cash Drawer		200.00	On Demand	N/R
Petty Cash/ Police-Special Invg.	Change Cash Drawer		400.00		
Petty Cash-City Hall/Change Fund	Change Cash Drawer	-	205.00	On Demand	N/R
<b>Invested by City Treasurer (Subtotal):</b>			<b>5,897,274.13</b>		
<b>Total Cash and Investments</b>			<b>5,897,274.13</b>		

Pursuant To Government Code 41004, I hereby certify that this report reflects all City's investments. This investment program complies with the City Investment Policy, approved by the City Council on 03/08/2016. Cash flow liquidity is still limited.

SIGNED:   
City Treasurer



## Item 9(B)

### REPORT TO THE CITY COUNCIL

**DATE:** MARCH 8, 2016  
**TO:** HONORABLE MAYOR AND COUNCIL MEMBERS  
**FROM:** STEVEN ADAMS, CITY MANAGER  
**BY:** PATRICIA GRAINGER, ACCOUNTANT  
**RE:** SUCCESSOR AGENCY MONTHLY TREASURER'S REPORT –  
JANUARY 2016

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#### **RECOMMENDATION:**

It is recommended City Council receive and file.

#### **BACKGROUND:**

The California Government Code Section 41004 states "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances."

#### **DISCUSSION:**

The California Government Code authorizes and regulates the investment of local agency (city and county) funds, including successor agencies. The Successor Agency invests its bond proceeds in US Treasury obligations. All bond reserve funds are held by one bond trustee, U.S. Bank, and invested in accordance with the trustee agreement. The Successor Agency has three tax allocation bonds (TABs) issued. Yield, maturity and investment amount (proceeds) are itemized on the Successor Agency Schedule of Cash and Investments for the Agency.

#### **COST ANALYSIS:**

There is no fiscal impact as a result of this action.

**CITY COUNCIL/SUCCESSOR AGENCY  
SUCCESSOR AGENCY MONTHLY TREASURER'S REPORT – DECEMBER  
2015  
MARCH 8, 2016  
PAGE 2 OF 2**

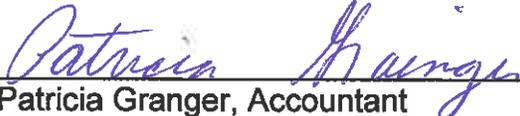
**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

Exhibits:

1. Investment Report

Submitted by:   
Patricia Granger, Accountant

Approved by:   
Steven Adams, City Manager

City of King  
Investment Report  
Schedule of Cash and Investments  
January 31, 2016

Exhibit No.

Investment Instrument		Yield	Amount	Maturity	Value
<b>Invested by City Treasurer</b>					
<b>Institution</b>	<b>Investment Type</b>				
Wells Fargo Bank	SA Checking Account		1,001,490.42	On Demand	N/R
<b>Invested by City Treasurer (Subtotal):</b>			<b>1,001,490.42</b>		
<b>Invested by Trustees (as of January 2016 Statements)</b>					
<b>Bond Reserves (1)</b>					
<b>U.S. Bank - 1998 TARB</b>					
First Union Corporation	Reserve Account #45	6.49%	482,963.83	9/1/2024	482,963.83
First American Treasury Obligations	Special Fund #40	0.00%	0.03	9/30/2016	0.03
First American Treasury Obligations	Interest Account #41	0.00%	0.10	9/30/2016	0.10
First American Treasury Obligations	Principal Account #42	0.00%	0.01	9/30/2016	0.01
First American Treasury Obligations	Surplus Account #46	0.00%	116,960.51	9/30/2016	116,960.51
<b>U.S. Bank - 2011 TARB</b>					
US Bank Money Market Ct	Reserve Account #8005	0.00%	481,062.50	8/1/2034	481,062.50
US Bank Money Market Ct	Special Fund #8000	0.04%	175,820.37	8/1/2016	175,820.37
US Bank Money Market Ct	Sinking Fund #8003	0.04%	0.20	8/1/2016	0.20
US Bank Money Market Ct	Special Fund #8001	0.00%	0.30	8/1/2016	0.30
US Bank Money Market Ct	Cost of Issu Fund#8009	0.00%	0.00		0.00
<b>Market Value Provided by U.S. Bank, Trustee</b>					
<b>Invested by Trustees (Subtotal):</b>			<b>1,256,807.85</b>		
<b>Total Cash and Investments</b>			<b>2,258,298.27</b>		

Pursuant To Government Code 41004, I hereby certify that this report reflects all City's investments. This investment program complies with the City Investment Policy, approved by the City Council on 01/08/2016. Cash flow liquidity is still limited.

SIGNED:  \_\_\_\_\_  
City Treasurer

Note:  
(1) Bonds



## Item 9(C)

### REPORT TO THE CITY COUNCIL

**DATE:** MARCH 8, 2016  
**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** STEVEN ADAMS, CITY MANAGER  
**BY:** PATRICIA GRAINGER, ACCOUNTANT  
**RE:** CITY CHECK REGISTER

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#### RECOMMENDATION:

It is recommended City Council receive and file.

#### BACKGROUND:

At least once a month, the City Treasurer shall submit to the City Council, a copy of the check register.

#### DISCUSSION:

The purpose of this item is to provide the Council an opportunity to review and monitor ongoing expenditures. These documents are attached.

#### COST ANALYSIS:

There is no fiscal impact as a result of this action.

#### ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

CITY COUNCIL/CITY  
CITY CHECK REGISTER  
MARCH 8, 2016  
PAGE 2 OF 2

Exhibit(S)

1. Check Register Report

Submitted by:   
Patricia Grainger, Accountant

Approved by:   
Steven Adams, City Manager

Check Register Report

Exhibit No. 2

Date: 02/29/2016  
Time: 8:38 am  
Page: 1

KING CITY CITY HALL

BANK: WELLS FARGO BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
<b>WELLS FARGO BANK Checks</b>							
57313	02/15/2016	Printed		A & G PUMP	A & G PUMPING, INC	Misc Clean - Church at	200.00
57314	02/15/2016	Printed		A T T	A T & T	U-Verse Internet -	154.00
57315	02/15/2016	Printed		ADAMSS	STEVEN ADAMS	Mileage Expenses - Meetings	85.86
57316	02/15/2016	Printed		ASI	ADMINISTRATIVE SOLUTIONS, INC	Medical Claims	5,000.00
57317	02/15/2016	Printed		ALVAREZ	ALVAREZ TECHNOLOGY GROUP INC	Ticket #572198 -	3,805.82
57318	02/15/2016	Printed		AM SUPPLY	AMERICAN SUPPLY CO.	Janitorial Supply -	883.22
57319	02/15/2016	Printed		AMERIGAS	AMERIGAS PROPANE LP	Tank Rent	99.00
57320	02/15/2016	Printed		ANDRIOLA	JOSEPH ANDRIOLA	CIT Training - Lunch	40.00
57321	02/15/2016	Printed		AT&T - C	AT&T	KC Fire Dept - #9391048347	178.77
57322	02/15/2016	Printed		BENSON	RICHARD A. BENSON PLUMBING	Maint. & Repairs	118.00
57323	02/15/2016	Printed		BLACKS	DEVON BLACKS	Basketball Official -	60.00
57324	02/15/2016	Printed		SEA	BOARD OF EQUALIZATION	Underground Storage Tank.	510.38
57325	02/15/2016	Printed		COASTAL	COASTAL TRACTOR	Parts Counter	175.71
57326	02/15/2016	Printed		CONATSER	CONATSER WELDING & MACHINE,LLC	Repair Edger	101.87
57327	02/15/2016	Printed		CULLEN	ROBERT CULLEN	2/2/16 - 2016 Forbes AgTech	495.00
57328	02/15/2016	Printed		DEPT ACCNT	DEPARTMENT OF JUSTICE	Fingerprint APPS	66.00
57329	02/15/2016	Void	02/15/2016			Void Check	0.00
57330	02/15/2016	Printed		EARTH DESI	EARTH DESIGN, INC.	CONS Element	14,819.76
57331	02/15/2016	Printed		POTTER	ELIZABETH S. CURBELO	KCPD - Surveillance Camera	2,881.70
57332	02/15/2016	Printed		FLORESJ	JACOB FLORES	Basketball Official -	10.00
57333	02/15/2016	Printed		FLORESTH	THOMAS FLORES	Basketball Official -	110.00
57334	02/15/2016	Printed		G. NEIL	G.NEIL	Poster Guard	75.68
57335	02/15/2016	Printed		HALE	DAVID P HALE	Professional Services -	3,264.00
57336	02/15/2016	Printed		HANNA	HANNA & BRUNETTI	2009 Airport Fencing and	16,549.93
57337	02/15/2016	Printed		HARBIN	HARBIN CONSTRUCTION	Replace 3 Doors -	6,548.64
57338	02/15/2016	Printed		HDLCO	HDL COREN & CONE	Contract Services	1,250.00
57339	02/15/2016	Printed		JBTIRE	MIGUEL JACOBO	2009 Ford Crown Vic	672.61
57340	02/15/2016	Printed		KENEDY	RYAN KENEDY	CIT Training - Lunch	40.00
57341	02/15/2016	Printed		LAW EN PSY	LAW ENFORCEMENT PSYCHOLOGICAL	Classic Psychological	1,125.00
57342	02/15/2016	Printed		KOCZANOWIK	LAW OFFICE OF	Professional Services	8,814.00
57343	02/15/2016	Printed		WILSONE	LEE WILSON ELECTRIC CO., INC	Mesa Del Rey Airport	29,791.13
57344	02/15/2016	Printed		LIBERTY	LIBERTY TAX SERVICE	City Council Meeting	130.00
57345	02/15/2016	Printed		LCAH	LOS COCHES ANIMAL HOSPITAL	Services - 12/31/15 -	318.81
57346	02/15/2016	Printed		GRAFIX	M. J. DONOVAN ENTERPRISES, INC	Star Decal for glass front	60.99
57347	02/15/2016	Printed		MAYNARD	THE MAYNARD GROUP	Platinum Service -	458.29
57348	02/15/2016	Printed		MCKNEELY	DAMARLON MCKNEELY	CIT Training - Lunch	40.00
57349	02/15/2016	Printed		C4CONSULT	AUBRIE MICHELLE SLADE	Strategy Session -	2,800.00
57350	02/15/2016	Printed		MO BAY SYS	MONTEREY BAY OFFICE PRODUCTS	Maint. Contract -	2,153.22
57351	02/15/2016	Printed		NATMC	NATIVIDAD MEDICAL CENTER	Patient Transactions	423.00
57352	02/15/2016	Printed		OFFICE DEP	OFFICE DEPOT	Office Supplies -	47.65
57353	02/15/2016	Printed		PARTIDAJ	JOSHUE PARTIDA	CIT Training - Lunch	40.00
57354	02/15/2016	Printed		PINN	PINNACLE HEALTHCARE	Employment Exam -	75.00
57355	02/15/2016	Printed		PNC	PNC EQUIPMENT FINANCE, LLC	Telecommunication & Data	12,722.16
57356	02/15/2016	Printed		PURCHASE P	PURCHASE POWER*PITNEY BOWES	Postage - #8000-9000-0111-3376	955.56
57357	02/15/2016	Printed		PURE WATER	PURE WATER BOTTLING	City Hall	65.20
57358	02/15/2016	Printed		QUILL CORP	QUILL CORPORATION	Office Supplies	263.25
57359	02/15/2016	Printed		RAMAD	ADOLFO RAMIREZ	Basketball Official -	60.00
57360	02/15/2016	Printed		RAMIREZC	CORALI RAMIREZ	Paint Night - 2/23/16	750.00
57361	02/15/2016	Printed		RED SHIFT	RED SHIFT INTERNET SERVICES	Internet Service	30.90
57362	02/15/2016	Printed		REYESRO	ROSA REYES	Release Vehicle	280.00
57363	02/15/2016	Printed		S.B.R.P.S.	S.B.R.P.S.T.	Crisis Intervention Training	320.00
57364	02/15/2016	Printed		FORD	SALINAS VALLEY FORD	08 Dump Truck	109.54
57365	02/15/2016	Printed		SIEMENS	SIEMENS INDUSTRY INC.	TS Signalized Intersection	97.19

Check Register Report

Date: 02/29/2016

Time: 8:38 am

Page: 2

KING CITY CITY HALL

BANK: WELLS FARGO BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
<b>WELLS FARGO BANK Checks</b>							
57366	02/15/2016	Printed		SILVAPA	PABLO SILVA	Basketball Official -	50.00
57367	02/15/2016	Printed		SPEAK	SPEAKWRITE BILLING DEPT	KCPD - Acct #GrpLEKCPD1	92.30
57368	02/15/2016	Printed		SPRINT	SPRINT	Long Distance Phone -	132.30
57369	02/15/2016	Printed		SUMMIT	SUMMIT UNIFORMS	Uniforms - Capt D. Engles	520.91
57370	02/15/2016	Printed		TAVERNETTI	TAVERNETTI, LAYOUS & CLARK	Policy #CAP1930944-17	711.25
57371	02/15/2016	Printed		TEMP UNIF	TEMPLETON UNIFORMS	Uniforms - D Engles	140.53
57372	02/15/2016	Printed		ZAPPIA	THE ZAPPIA LAW FIRM, APC	November 2015	35,128.74
57373	02/15/2016	Printed		TORO	TORO PETROLEUM CORP.	Fuel and Oil (Acct #6835)	1,816.16
57374	02/15/2016	Printed		TRI	TRI-COUNTY FIRE PROTECTION INC	KC Airport	48.00
57375	02/15/2016	Printed		UMSTEAD EL	UMSTEAD ELECTRIC	Sewer Counter	6,954.76
57376	02/17/2016	Printed		APTECH	AP TECHNOLOGY, LLC	EzSigner Direct/Maintenance	1,075.00
57377	02/26/2016	Printed		ACEHIGH	ACE HIGH DESIGNS INC	Softball Jerseys	1,409.90
57378	02/26/2016	Printed		ADAMSS	STEVEN ADAMS	Mileage Expense (292)	157.68
57379	02/26/2016	Printed		ALVAREZ	ALVAREZ TECHNOLOGY GROUP INC	iBox Access -	169.76
57380	02/26/2016	Printed		AM SUPPLY	AMERICAN SUPPLY CO.	Janitorial Supply - Cust #0238	38.42
57381	02/26/2016	Printed		AT & T	AT & T	Telephone List -	3,161.50
57382	02/26/2016	Printed		CANYON PLU	CANYON PLUMBING	King City Fire Dept.	253.40
57383	02/26/2016	Printed		CASEY PRIN	CASEY PRINTING, INC.	City of King Annual Survey	754.70
57384	02/26/2016	Printed		CHOMP	CHOMP	Three AED, Wall Cabinets,	1,500.00
57385	02/26/2016	Printed		DAVID ORTI	DAVID ORTIZ	Basketball Official -	140.00
57386	02/26/2016	Printed		DEPT ACCNT	DEPARTMENT OF JUSTICE	Fingerprint APPS	64.00
57387	02/26/2016	Printed		DOCTOR	DOCTORS ON DUTY	Client Physical -	112.00
57388	02/26/2016	Printed		FLORESJ	JACOB FLORES	Basketball Official -	10.00
57389	02/26/2016	Printed		GEORGE L M	GEORGE L MEE MEMORIAL HOSPITAL	Direct Charges	64.00
57390	02/26/2016	Printed		GRANITEROC	GRANITEROCK	Street Maintenance -	1,498.55
57391	02/26/2016	Printed		GREEN'S	GREEN'S ACCOUNTING	Monthly fee - January 2015	7,490.00
57392	02/26/2016	Printed		HARCOR	HARRIS CORPORATION PSPC	Speaker Mics for Police	519.79
57393	02/26/2016	Printed		HEARNEKT	KATIE HEARNE	Winter 2016	70.00
57394	02/26/2016	Printed		IDCON	ID CONCEPTS, LLC	ID Credential Card -	30.53
57395	02/26/2016	Printed		JOHNNO	NOLAN JOHNSON	Basketball Official -	20.00
57396	02/26/2016	Printed		LCAH	LOS COCHES ANIMAL HOSPITAL	Services by Animal Health	216.50
57397	02/26/2016	Printed		M B C I C	MBCICC	Membership Renewal 2016	250.00
57398	02/26/2016	Printed		OFFICE DEP	OFFICE DEPOT	Office Supplies -	1,002.78
57399	02/26/2016	Printed		PARAMOO	OCTAVIO PARAMO	Refund - Youth Basketball	105.00
57400	02/26/2016	Printed		PARMAR	HIREN PARMAR	Basketball Official -	40.00
57401	02/26/2016	Printed		PARTS & SE	PARTS & SERVICE CTR- NAPA, INC	Supplies	111.90
57402	02/26/2016	Printed		PEREZCE	CEDRICK PEREZ	Basketball Official -	20.00
57403	02/26/2016	Printed		PETTY CASH	PETTY CASH-PATRICIA GRAINGER	Petty Cash Replenish	75.00
57404	02/26/2016	Printed		PAC	PG&E	Utilities -	28,693.55
57405	02/26/2016	Printed		PBGFS	PITNEY BOWES GLOBAL	Equipment Lease -	630.87
57406	02/26/2016	Printed		RAINBOW	RAINBOW PRINTING	Notice of Correction/	501.16
57407	02/26/2016	Printed		ROSAS	CYNTHIA ROSAS	Refund - Winter Sports	70.00
57408	02/26/2016	Printed		SALINAS V	SALINAS VALLEY PRO SQUAD	Uniforms (Engles)	321.65
57409	02/26/2016	Printed		SIEMENS	SIEMENS INDUSTRY INC.	TS Signalized Intersection	97.19
57410	02/26/2016	Printed		SO CO NEWS	SO CO NEWSPAPERS	Pool Help	171.00
57411	02/26/2016	Void	02/26/2016			Void Check	0.00
57412	02/26/2016	Printed		ZAPPIA	THE ZAPPIA LAW FIRM, APC	Management Negotiations	22,917.00
57413	02/26/2016	Printed		TIRE KING	TIRE KING & AUTO EXPRESS	Monthly Car Wash.	637.00
57414	02/26/2016	Printed		TORO	TORO PETROLEUM CORP.	Fuel and Oil - City Vehicles	1,907.95
57415	02/26/2016	Printed		U.S. BANCO	U.S. BANCORP EQUIPMENT FINANCE	Konica Copier Contract Prnt	611.52
57416	02/26/2016	Printed		U.S. BAN	U.S. BANK CORP PAYMENT SYSTEM	Various Charges -	12,674.89
57417	02/26/2016	Printed		UMSTEAD EL	UMSTEAD ELECTRIC	Sewer Pump #3	23,147.89
57418	02/26/2016	Printed		VALENZ	SERGIO VALENZUELA	Refund	70.00
57419	02/26/2016	Printed		VERIZON WI	VERIZON WIRELESS	City Cell Phones -	138.36
57420	02/26/2016	Printed		WASSONA	ANDREA WASSON	DMV Registration (Fire Truck)	276.00

Check Register Report

Date: 02/29/2016  
 Time: 8:38 am  
 Page: 3

KING CITY CITY HALL

BANK: WELLS FARGO BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
--------------	------------	--------	----------------	---------------	-------------	-------------------	--------

**WELLS FARGO BANK Checks**

57421	02/26/2016	Printed		SOILSERV	WILBUR-ELLIS COMPANY	Operating Supplies -	404.94
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<b>Total Checks: 109</b>	<b>Checks Total (excluding void checks):</b>	<b>279,353.17</b>
<b>Total Payments: 109</b>	<b>Bank Total (excluding void checks):</b>	<b>279,353.17</b>
<b>Total Payments: 109</b>	<b>Grand Total (excluding void checks):</b>	<b>279,353.17</b>



## **Item 9(D)**

### **REPORT TO THE CITY COUNCIL**

**DATE:** MARCH 8, 2016

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** STEVEN ADAMS, CITY MANAGER

**BY:** PATRICIA GRAINGER, ACCOUNTANT

**RE:** SUCCESSOR AGENCY CHECK REGISTER

---

#### **RECOMMENDATION:**

It is recommended City Council receive and file.

#### **BACKGROUND:**

At least once a month, the City Treasurer shall submit to the City Council, a copy of the check register and invoice approval fund list.

#### **DISCUSSION:**

The purpose of this item is to provide the Council an opportunity to review and monitor ongoing expenditures. These documents for the Successor Agency are attached.

#### **COST ANALYSIS:**

There is no fiscal impact as a result of this action.

#### **ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

**CITY COUNCIL/SUCCESSOR AGENCY  
SUCCESSOR AGENCY CHECK REGISTER  
MARCH 8, 2016  
PAGE 2 OF 2**

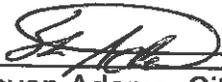
**Exhibit(S)p**

1. Check Register Report

Submitted by:

  
Patricia Grainger, Accountant

Approved by:

  
Steven Adams, City Manager

Check Register Report

Date: 02/29/2016

Time: 8:56 am

Page: 1

KING CITY CITY HALL

BANK: SUCCESSOR AGENCY OF

**Exhibit No.**

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
--------------	------------	--------	----------------	---------------	-------------	-------------------	--------

**SUCCESSOR AGENCY OF Checks**

177	02/26/2016	Printed		GREEN'S	GREEN'S ACCOUNTING	RDA Successor Agency	3,760.00
-----	------------	---------	--	---------	--------------------	----------------------	----------

**Total Checks: 1**

**Checks Total (excluding void checks): 3,760.00**

**Total Payments: 1**

**Bank Total (excluding void checks): 3,760.00**

**Total Payments: 1**

**Grand Total (excluding void checks): 3,760.00**



## Item 9(E)

### REPORT TO THE CITY COUNCIL

**DATE:** MARCH 8, 2016

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** OCTAVIO HURTADO, HANNA & BRUNETTI, CITY ENGINEERS

**RE:** CONSIDERATION OF NOTICE OF COMPLETION – MESA DEL REY AIRPORT, VISUAL AID IMPROVEMENTS – FAA AIP PROJECT NO 3-06-0113-011

---

#### **RECOMMENDATION:**

It is recommended City Council: 1) approve Resolution No. 2016-4449, a resolution of the City Council of the City of King accepting completion of the Mesa Del Rey Airport – Visual Aid Improvements AIP No. 3-06-0113-011; and 2) authorize City Manager to execute and file a Notice of Completion with the Monterey County Recorder's Office, and submit the closeout packet to the FAA.

#### **BACKGROUND:**

The primary work items for the Visual Aid Improvements (“VISAID”) include:

- Improvements and modifications to the Regulator Room
- Installation of new Precision Approach Path Indicator (PAPI) lights
- Installation of new lighted Wind Sock
- Installation of new Runway End Identifier Lights (REILS) on Runway 29, a Radio Controlled Lighting Unit.

The Federal Aviation Administration conducted a flight test on January 22, 2016 to test the precision approach path indicator (PAPI) lights. The PAPI lights passed the flight test, allowing the City to process completion of the project.

#### **DISCUSSION:**

This project has been programed as part of the Airport Administration (FAA AIP Project No 3-06-0113-011). Improvement Plans and Specifications were put out to bid. The project was awarded to Lee Wison Electric Co. Inc. in the amount of \$152,817.50. The project was successfully completed and will enhance the overall safety features of the Mesa Del Rey Airport.

**CITY COUNCIL  
CONSIDERATION OF NOTICE OF COMPLETION – MESA DEL REY  
AIRPORT, VISUAL AID IMPROVEMENTS – FAA AIP PROJECT NO 3-06-  
0113-011  
MARCH 8, 2016  
Page 2 of 2**

**COST ANALYSIS:**

Funding on this project was provided by the Federal Aviation Administration (FAA AIP Project No 3-06-0113-011)

**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Approve the Resolution, authorize the recording of the Notice of Completion and submit a closeout packet to the FAA;
2. Do not approve the Resolution, authorize the recording of the Notice of Completion nor submit a closeout packet to the FAA; or
3. Provide other direction to staff.

**Exhibits:**

1. Resolution 2016-4499.

Submitted by: \_\_\_\_\_

  
Octavio Hurtado, Hanna & Brunetti, City Engineers

Approved by: \_\_\_\_\_

  
Steven Adams, City Manager

RESOLUTION No. 2016-4499

ACCEPTANCE OF COMPLETION OF  
MESA DEL REY VISUAL AID IMPROVEMENT PROJECT

RESOLVED, by the city Council of the City of King, California, that

WHEREAS, Project Engineer of said City has filed with the City Manager of the City of King a Recommendation of Acceptance as to the completion of all the work provided to be done under and pursuant to contract between said City and Lee Wilson Electric Co. Inc., Arroyo Grande, California dated January 28, 2016; and

WHEREAS, it appears to the satisfaction of the City Council that said work under said contract has been fully completed and done as provided in said contract and the plans and specifications therein referred to.

NOW, THEREFORE, IT IS ORDERED AS FOLLOWS:

1. That acceptance of completion of said work be, and is hereby, made and ordered.
2. That the City Manager is directed to execute and file with the recorder of the County of Monterey, notice of acceptance of completion thereof, as required by law.

PASSED AND ADOPTED this 8th day of March 2016, by the following vote:

AYES, and in favor thereof

NOES,

ABSENT,

ABSTAIN,

APPROVED: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk



## Item 9(F)

### REPORT TO THE CITY COUNCIL

**DATE:** MARCH 8, 2016

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** STEVEN ADAMS, CITY MANAGER

**RE:** CONSIDERATION OF PART-TIME DEPUTY CITY CLERK POSITION

---

#### **RECOMMENDATION:**

It is recommended the City Council: 1) adopt a resolution creating a part-time Deputy City Clerk position; 2) approve the proposed job description; and 3) appropriate \$2,500 for FY 2015-16.

#### **BACKGROUND:**

The City Clerk position was eliminated in 2011 due to budget reductions. The City Manager now serves as the City Clerk. However, this leaves a void in important expertise needed to perform critical functions and to ensure the City is in compliance with State law. Due to the recent vacancy in the Administrative Assistant to the City Manager position, staffing in the City Manager's Office is being restructured to best meet the needs of the organization and take advantage of available skills.

#### **DISCUSSION:**

It is recommended a part-time Deputy City Clerk position be established. The position will have primary responsibility for basic City Clerk functions, including meeting minutes, public records retention and management, codification of Council legislative actions, conflict of interest law compliance, and elections. The hourly pay rate is recommended to be set \$20 per hour, which is in between the former City Clerk position and the Administrative Assistant Classification given the certification desired. The position is requested to be authorized up to an average of 20 hours per week, but could be less depending upon workload and availability.

**CITY COUNCIL  
CONSIDERATION OF PART-TIME CITY CLERK POSITION  
MARCH 8, 2016  
PAGE 2 OF 2**

**COST ANALYSIS:**

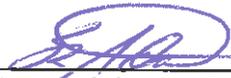
There will be some savings from the other staffing adjustments in the City Manager's Office. It is estimated that the net cost increase at this time will be approximately \$2,500 for the remainder of this fiscal year. The ongoing cost will be approximately \$26,000. The position will need to be revisited during the budget process, but the intent will be to fund it on an ongoing basis.

**ALTERNATIVES:**

The following alternatives have been identified for City Council consideration:

- 1) Approve staff's recommendation;
- 2) Modify the job description and approve the Resolution;
- 3) Make other changes and approve the Resolution;
- 4) Do not approve the new position; or
- 5) Provide staff other direction.

Prepared and Approved by:

  
\_\_\_\_\_  
Steven Adams, City Manager

**RESOLUTION NO. 2016-4498**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KING  
CREATING A PART-TIME DEPUTY CITY CLERK POSITION**

**WHEREAS**, the City of King operations involve basic City Clerk functions, including meeting minutes, public records retention and management, codification of Council legislative actions, conflict of interest law compliance, and coordinating election activities; and

**WHEREAS**, these functions require the knowledge of a Certified Municipal Clerk to perform them effectively; and

**WHEREAS**, the City Council desires to create a part-time Deputy City Clerk position to perform these functions; and

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the City Council of the City of King approves the creation of a part-time Deputy City Clerk position and the corresponding job description attached hereto in Exhibit A.

This resolution was passed and adopted this **8th** day of **March** by the following vote:

**AYES**, Council Members:

**NAYS**, Council Members:

**ABSENT**, Council Members:

**ABSTAIN**, Council Members:

**APPROVED:**

\_\_\_\_\_  
Robert Cullen, Mayor

**ATTEST:**

\_\_\_\_\_  
Steven Adams, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Martin Koczanowicz, City Attorney

CITY OF KING CITY

**DEPUTY CITY CLERK (PART-TIME)**  
(Pay Rate: \$20 Per Hour)

*Class specifications are only intended to present a descriptive summary of the range of duties and responsibilities that are associated with specified positions. Therefore, specifications may not include all duties performed by individuals within a classification. In addition, specifications are intended to outline the minimum qualifications necessary for entry into the class and do not necessarily convey the qualifications of incumbents within the position.*

**DEFINITION:**

Under administrative direction, is responsible for assisting the City Manager/City Clerk in carrying out city clerk functions office, including preparation and recording of City Council and Redevelopment Agency meetings, codification/maintenance of Municipal Code and official records of the City, the conduct of elections; and performs other duties as required.

**DISTINGUISHING CHARACTERISTICS:**

The **Deputy City Clerk** is responsible for official document recording and retention, production and publication of agendas and minutes for the City Council and assists in enforcement of laws and regulations pertaining to the municipal elections, public records, and ethics.

**SUPERVISION RECEIVED/EXERCISED:**

Receives general supervision from the City Manager.

**ESSENTIAL FUNCTIONS:** *(include but are not limited to the following)*

Exercises responsibility for city clerk functions; ensures accurate, up-to-date preparation, filing and recording of City ordinances, agreements, resolutions and minutes of City Council, commissions and committees; ensures City agreements, contracts and other legal documents are signed and recorded, associated records and documents are obtained and public notices and ordinances are published; recommends system improvements and modifications; plans and directs the conduct of municipal elections; acts as liaison to the Monterey County Registrar of Recorder's offices; coordinates and maintains memberships for all City boards/commissions; signs and certifies official City documents; ensures compliance with the Fair Political Practices Act; coordinates responses to claims/lawsuits and requests for City records covered under the Public Records Act; uses personal computers to perform word processing, spreadsheets and specialized functions.

**WORKING CONDITIONS:**

Position requires to see well enough to: read fine print and VDT's, drive a vehicle and proofread documents; hear and speak well enough to converse on the telephone, in person, and to a group of up to 40 people without a microphone and be clearly understood; use of fingers and hands to write; use a calculator and a computer keyboard; prolonged sitting, standing, walking, reaching, twisting, turning, kneeling, bending, squatting, and stooping in the performance of daily office activities. The position also requires grasping, repetitive hand movement and fine coordination in preparing statistical reports and data using a computer keyboard. Acute hearing is required when providing

phone and personal service. The need to lift, drag and push files, paper and documents weighing up to 25 pounds; stamina to work long hours and attend night meetings as required.

Other characteristics: Willingness and ability to: work the hours needed to accomplish the job requirements; attend meetings, conferences and seminars during working and non-working hours; travel out of town or out of state for several days at a time; work irregular hours including attendance at night and occasional weekend meetings.

Some of these requirements may be accommodated for otherwise qualified individuals requiring and requesting such accommodations.

**QUALIFICATIONS:** *(The following are minimal qualifications necessary for entry into the classification.)*

Education and/or Experience:

A Certified Municipal Clerk (CMC) and two years of experience in tasks common to programs carried out by a City Clerk's Office. A valid Notary Public in California is preferred.

License/Certificate:

Possession of appropriate, valid California Driver's license and, as required, a valid Medical Examiner's Card must be maintained. Certification as a State of California Municipal Clerk preferred.

**KNOWLEDGE/ABILITIES/SKILLS:** *(The following are a representative sample of the knowledge, abilities and skills necessary to perform essential duties of the position.)*

Knowledge of:

California Election Code as it applies to municipalities; California Public Records Act; California Open Meeting Act, California Conflict of Interest regulations and other applicable codes and ordinances; effective training techniques; effective communication techniques, City/department policies, procedures and terminology; filing indexing and cross-referencing methods; personal computer operating system and software application; methods and techniques for record keeping and report preparation and writing; proper English, spelling and grammar; occupational hazards and standard safety practices.

Ability to:

Provide information and organize material in compliance with laws, regulations, policies and procedures; attend evening or weekend meetings as required; interpret, explain and apply applicable laws, codes and regulations; read, interpret and record data accurately; organize, prioritize and follow-up on work assignments; work independently and as part of a team; make sound decision within established guidelines; follow written and oral directions; observe safety principles and work in a safe manner; communicate clearly and concisely, both orally and in writing; establish and maintain effective working relationships.

Skill to:

Analyze and interpret government statutes and regulations governing areas or responsibility; read and interpret legal documents; direct and coordinate municipal elections; analyze technical and administrative problems and take or recommend appropriate actions; exercise sound judgment, tact, resourcefulness and leadership in dealing with the public, City officials, commission and committee members, outside agencies and other City departments; deal

effectively with those contacted in the course of work; organize and maintain accurate records; foresee trends in records management and retention and implement upgrades to City systems; utilize personal computers and computer software to perform word processing, spreadsheets and specialized functions.



## Item 9(G)

### REPORT TO THE SUCCESSOR AGENCY OF THE CDA OF THE CITY OF KING

**DATE:** MARCH 8, 2016

**TO:** CHAIRMAN AND MEMBERS OF THE SUCCESSOR AGENCY

**FROM:** MIKE HOWARD, FINANCE DIRECTOR

**RE:** CONSIDERATION OF SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING  
TAX ALLOCATION REFUNDING BONDS, SERIES 2016

---

#### RECOMMENDATION:

It is recommended that the Successor Agency adopt Resolution No. SA 2016-001, approving the Form and Authorizing the Execution of a Bond Purchase Agreement, a Placement Agent Agreement and Revisions to the Indenture in Connection with the Issuance and Sale of Tax Allocation Refunding Bonds to Refinance Redevelopment Activities within and for the Benefit of the King City Redevelopment Project of the Former Community Development Agency of the City of King

#### BACKGROUND:

In 1998 the Community Development Agency of the City of King (the "Prior Agency") issued Tax Allocation Subordinate Revenue Bonds (the "1998 Bonds"), in the amount of \$4,730,000, of which \$3,265,000 is currently outstanding.

Due to the dissolution of redevelopment agencies, the Successor Agency to the Community Development Agency of the City of King (the "Agency") now has responsibility for repayment of the 1998 Bonds, as well as additional tax allocation bonds issued in 2011 (the "2011 Bonds"). Per AB 1484, the Agency may refund existing bonds, with approval of the Oversight Board and the State Department of Finance, for the purpose of generating a debt service savings.

On October 27, 2015, the Agency approved Resolution No. SA 2015-002, approving the issuance of tax allocation refunding bonds (the "2016 Bonds") by the Agency to refund (refinance) the outstanding 1998 Bonds, and on October 28, 2016, the Oversight Board approved Resolution No. OB 2015-004, approving the issuance of the 2016 Bonds by the Agency.

**CITY COUNCIL  
CONSIDERATION OF SUCCESSOR AGENCY TO THE COMMUNITY  
DEVELOPMENT AGENCY OF THE CITY OF KING TAX ALLOCATION  
REFUNDING BONDS, SERIES 2016  
MARCH 8, 2016  
PAGE 2 OF 3**

On December 30, 2015, the State Department of Finance ("DOF") approved the issuance of the 2016 Bonds by the Agency.

The Finance Team has since solicited bids from interested lenders, and determined that a "private placement" structure will produce a larger amount of total savings than a public sale of the 2016 Bonds. Compass Mortgage Corporation (the "Bank") has provided the lowest overall cost estimate, with an anticipated interest rate of 2.45% (as a comparison, the interest rate on the longest term 1998 Bonds is 5.75%). The interest rate offered by the Bank is subject to daily changes until locked, which is anticipated to occur on or about March 9, 2016.

Based on the estimated interest rate provided by the Bank, the Agency can generate an estimated total debt service savings of approximately \$600,000 by issuing the proposed 2016 Bonds, which will refund (repay) all outstanding 1998 Bonds (the 2011 Bonds will remain outstanding).

Based on the redevelopment dissolution laws, the Agency may retain the savings amount to the extent it has additional enforceable obligations, such as the annual administrative cost allowance of \$250,000. Otherwise, the savings amount would be split among taxing entities, including the county, school districts, and the City's general fund.

It is anticipated that after the interest rate is locked on or about March 9, 2016, that the 2016 Bonds will close by March 31, 2016. At closing, the net proceeds from the 2016 Bonds will be placed into a refunding escrow fund to be held by U.S. Bank, to be used to redeem all outstanding 1998 Bonds at the next available call date on September 1, 2016.

**DISCUSSION:**

Per the attached Resolution, the Agency is being asked to approve the form of the Bond Purchase Agreement and the Placement Agent Agreement, as well as certain non-substantive changes to the (previously approved) Indenture, to accommodate the private placement structure for the sale of the 2016 Bonds.

The Bond Purchase Agreement defines the terms and conditions of the purchase of the 2016 Bonds by the Bank, and determines the purchase price and interest rate as well as the rate lock expiration period.

**CITY COUNCIL  
CONSIDERATION OF SUCCESSOR AGENCY TO THE COMMUNITY  
DEVELOPMENT AGENCY OF THE CITY OF KING TAX ALLOCATION  
REFUNDING BONDS, SERIES 2016  
MARCH 8, 2016  
PAGE 3 OF 3**

The Placement Agent Agreement confirms the selection of Stifel, Nicolaus & Co. as the Placement Agent in connection with the private placement sale of the 2016 Bonds to the Bank.

The forms of the Bond Purchase Agreement and the Placement Agent Agreement are on file with the City Clerk.

**COST ANALYSIS:**

By refunding the 1998 Bonds, the Agency can generate an estimated total debt service savings of \$600,000, net of all costs of issuance. The repayment of principal and interest on the 2016 Bonds will be payable solely from Tax Revenues, which is tax increment revenues from the Project Area deposited into the Agency's Redevelopment Property Tax Trust Fund ("RPTTF"), and available after satisfying certain administrative costs of the County and pass through obligations to affected taxing entities. The 2016 Bonds will not be a debt of the City's general fund or the State, or any of its political subdivisions (except the Agency).

**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. Adopt Resolution No. SA 2016-001; or
2. Provide other direction to staff.

**Exhibits:**

1. Resolution No. SA 2016-001
2. Indenture
3. Bond Purchase Agreement; and
4. Placement Agent Agreement

Submitted by:

  
\_\_\_\_\_  
Mike Howard, Finance Director

Approved by:

  
\_\_\_\_\_  
Steven Adams, City Manager

**SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING**

**RESOLUTION NO. 2016-001**

**RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION  
OF A BOND PURCHASE AGREEMENT, A PLACEMENT AGENT AGREEMENT  
AND REVISIONS TO THE INDENTURE IN CONNECTION WITH THE  
ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS TO  
REFINANCE REDEVELOPMENT ACTIVITIES WITHIN AND FOR THE BENEFIT  
OF THE KING CITY REDEVELOPMENT PROJECT OF THE FORMER  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING**

WHEREAS, pursuant to section 34172(a) of the California Health and Safety Code (unless otherwise noted, all section references hereinafter being to such Code), the Community Development Agency of the City of King (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to section 34173, and the Successor Agency to the Former Community Development Agency of the City of King (the "Successor Agency") has become the successor entity to the Former Agency;

WHEREAS, a redevelopment plan for the Former Agency's King City Redevelopment Project in the City of King (the "City") has been adopted in compliance with all requirements of the Code (the "Redevelopment Project");

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency incurred the following obligations for the purpose of financing and refinancing redevelopment activities which remain outstanding:

(a) Community Development Agency of the City of King Tax Allocation Subordinate Revenue Bonds, Series 1998 (King City Redevelopment Project) (Monterey County, California) (the "1998 Bonds"), to finance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$3,265,000 principal amount remains outstanding, and

(c) Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011 (the "2011 Bonds" and, with the 1998 Bonds, the "Former Agency Obligations"), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$4,850,000 principal amount remains outstanding;

WHEREAS, section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to 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 Law") for the purpose of achieving debt service savings within the parameters set forth in section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its tax allocation refunding bonds (the "Refunding Bonds"), the Successor Agency has caused its financial advisor, Urban Futures, Incorporated (the "Municipal Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to repay or refund all or a portion of the Former Agency Obligations (the "Debt Service Savings Analysis");

WHEREAS, the Debt Service Savings Analysis has demonstrated that a refunding of the 1998 Bonds will satisfy the Savings Parameters;

WHEREAS, the Successor Agency has determined to issue its Successor Agency to the Community Development Agency of the City of King (Monterey County, California) Tax Allocation Refunding Bonds, Series 2016 (the "Bonds"), to refund the 1998 Bonds, pursuant to an indenture of trust, by and between the Successor Agency and U.S. Bank National Association, as trustee;

WHEREAS, the Successor Agency adopted its Resolution No. SA 2015-002 on October 27, 2015, authorizing issuance of the Bonds and approving the form and authorizing execution of the various documents prepared in connection therewith;

WHEREAS, the Oversight Board to the Successor Agency adopted its Resolution No. OB 2015-004 on October 28, 2015, approving the issuance of the Bonds by the Successor Agency; and

WHEREAS, on December 30, 2015, the California Department of Finance approved the issuance of the Bonds;

WHEREAS, following a competitive process, Compass Bank, an Alabama banking corporation, was selected as purchaser of the Bonds (the "Purchaser");

WHEREAS, based upon such interest rate, the refunding of the 1998 Bonds will generate present value savings to the Successor Agency, to be allocated among the City and other affected taxing entities; and

WHEREAS, a bond purchase and rate lock agreement, by and between the Successor Agency and the Purchaser (the "Bond Purchase Agreement"), has been prepared and it is appropriate at this time for the Successor Agency to approve the form thereof.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING DOES RESOLVE AS FOLLOWS:

SECTION 1. Approval of Bond Purchase Agreement. The Successor Agency hereby authorizes the sale of the Bonds to the Purchaser. The Successor Agency hereby approves the Bond Purchase Agreement in the form on file with the Secretary, together with such additions

thereto and changes therein as the Chairperson, the Vice Chairperson, the Treasurer or the Chief Executive Officer (the "Designated Officers"), shall deem necessary, desirable or appropriate, and the execution thereof by a Designated Officer shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers are hereby authorized and directed to execute the final form of the Bond Purchase Agreement for and in the name and on behalf of the Successor Agency.

SECTION 2. Approval of the Revisions to the Indenture. The Successor Agency hereby re-approves the Indenture, with certain changes required to conform to the proposal of the Purchaser, in the form on file with the Secretary, together with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or appropriate, and the execution thereof by a Designated Officer shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest to, the final form of the Indenture for and in the name and on behalf of the Successor Agency. The Successor Agency hereby authorizes the delivery and performance of the Indenture.

SECTION 3. Confirmation of Placement Agent; Approval of Placement Agent Agreement. The Successor Agency hereby confirms the selection of Stifel, Nicolaus & Company, Incorporated to act as placement agent to the Successor Agency (the "Placement Agent") in connection with the private placement of the Bonds. The Successor Agency hereby approves a placement agent agreement, by and between the Successor Agency and the Placement Agent, in the form on file with the Secretary (the "Placement Agent Agreement"), together with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or appropriate, and the execution thereof by a Designated Officer shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest to, the final form of the Placement Agent Agreement for and in the name and on behalf of the Successor Agency.

SECTION 4. Official Actions. The Chair, the Vice Chair, the Executive Director, the Secretary, and any and all other officers of the Successor Agency, are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds. Whenever in this resolution any officer of the Successor Agency is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person Authorized by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

SECTION 5. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

SECTION 6. Certification. The Secretary shall certify to the passage and adoption hereof.

\*\*\*\*\*

I, the undersigned Secretary of the Successor Agency to the Former Community Development Agency of the City of King, hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by the Successor Agency at a meeting thereof on the 8th day of March, 2016, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST

---

Chairperson

---

Secretary

**Exhibit No.**

2

---

**INDENTURE OF TRUST**

**Dated as of March 1, 2016**

**by and between the**

**SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING**

**and**

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

---

Relating to  
\$ \_\_\_\_\_  
Successor Agency to the Community Development Agency of the City of King  
(Monterey County, California)  
Tax Allocation Refunding Bonds, Series 2016

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is dated as of March 1, 2016, by and between the SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING, a public body duly organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

### RECITALS:

WHEREAS, the Community Development Agency of the City of King (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Law"), including the power to issue bonds for any of its corporate purposes;

WHEREAS, a redevelopment plan for the Former Agency's King City Redevelopment Project in the City of King (the "City") has been adopted in compliance with all requirements of the Law (the "Redevelopment Project");

WHEREAS, the Former Agency issued or incurred, as applicable, the following obligations for the purpose of financing and refinancing redevelopment activities which remain outstanding:

(a) Community Development Agency of the City of King Tax Allocation Subordinate Revenue Bonds, Series 1998 (King City Redevelopment Project) (Monterey County, California) (the "1998 Bonds"), to finance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$3,265,000 principal amount remains outstanding, and

(b) Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011 (the "2011 Bonds" and, with the 1998 Bonds, the "Former Agency Obligations"), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$4,850,000 principal amount remains outstanding;

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

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

WHEREAS, the powers, assets and obligations of the Former Agency were transferred on February 1, 2012, to the Successor Agency;

WHEREAS, on or about June 27, 2012, the California Legislature adopted AB 1484 as a trailer bill in connection with the 2012-13 California Budget;

WHEREAS, AB 1484 added various provisions to the Law, including section 34177.5(a)(1) thereof which specifically authorizes the issuance of refunding bonds by the

Successor Agency in certain circumstances to refund bonds and indebtedness of the Former Agency;

WHEREAS, on or about September 17, 2015, the California Legislature adopted SB 107 as a trailer bill in connection with the 2015-16 California Budget;

WHEREAS, SB 107 revised various provisions of the Law, including removing certain time limits affecting the number of tax dollars and other statutory limitations on redevelopment plans;

WHEREAS, section 34179 of the Law established an oversight board (the "Oversight Board") for the Successor Agency;

WHEREAS, the Successor Agency has determined that, due to prevailing financial market conditions, it is in the best interests of the Successor Agency at this time to refinance redevelopment activities within and for the benefit of the Redevelopment Project and, in particular, to refund the 1998 Bonds;

WHEREAS, to provide moneys to refund the 1998 Bonds, the Successor Agency has determined to issue its Successor Agency to the Community Development Agency of the City of King (Monterey County, California), Tax Allocation Refunding Bonds, Series 2016, in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"), under the provisions of section 34177.5(g) of the Law and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code;

WHEREAS, the Successor Agency has determined that the total net interest cost to maturity of the Bonds plus the principal amount of the Bonds will not exceed the total net interest cost to maturity of the 1998 Bonds to be refunded plus the principal amount of the 1998 Bonds to be refunded;

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

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

#### A G R E E M E N T :

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Bonds issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Successor

Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

## ARTICLE I

### DETERMINATIONS; DEFINITIONS

Section 1.01. Findings and Determinations. The Successor Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

*"Annual Debt Service"* means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and any Parity Debt in such Bond Year, assuming that the Outstanding Bonds and Parity Debt are retired as scheduled, and (b) the principal or sinking fund amount of the Outstanding Bonds and Parity Debt payable by their terms in such Bond Year.

*"Bond Year"* means any twelve-month period beginning on September 2 in any year and ending on the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date, and end on September 1, 2016.

*"Bonds"* means the \$\_\_\_\_\_ Successor Agency to the Community Development Agency of the City of King (Monterey County, California) Tax Allocation Refunding Bonds, Series 2016, and, when the context requires, any Parity Debt.

*"Business Day"* means a day of the year, other than a Saturday or Sunday, on which banks in Los Angeles and San Francisco, California, are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

*"City"* means City of King, California.

*"Closing Date"* means \_\_\_\_\_, 2016, the date on which the Bonds are delivered by the Successor Agency to the original purchaser thereof.

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

*"Costs of Issuance"* means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds and the refunding and prepayment of the Prior Agency Obligations (as defined in the recitals hereto), including but not limited to printing expenses, operating expenses, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, Escrow Bank fees and those of its counsel, fees, charges and disbursements of attorneys, financial advisors, fiscal consultants, accounting firms, consultants and other professionals, fees and charges for preparation, execution and

safekeeping of the Bonds and any other cost, charge or fee in connection with the issuance of the Bonds and the refunding and prepayment of the Prior Agency Obligations.

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

*"County"* means Monterey County, California.

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

*"Defeasance Obligations"* means (a) cash, (b) direct non-callable obligations of the United States of America, (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (d) Refcorp interest strips, (e) CATS, TIGRS, STRPS, (f) defeased municipal bonds rated AAA by S&P or Aaa by Moody's, and (g) or any combination of the foregoing.

*"Dissolution Act"* means Parts 1.8 (commencing with section 34161) and 1.85 (commencing with section 34170) of Division 24 of the California Health and Safety Code, as amended.

*"Escrow Agreement"* means that certain Escrow Agreement, dated the Closing Date, by and between the Successor Agency and the Escrow Bank, to provide for the defeasance and redemption of the 1998 Bonds.

*"Escrow Bank"* means U.S. Bank National Association, as escrow bank under the Escrow Agreements, or any successor thereto appointed as escrow bank thereunder.

*"Escrow Fund"* means the escrow fund held by the Escrow Bank under and pursuant to the Escrow Agreement.

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

*"Federal Securities"* means (a) cash, and (b) obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including: (i) United States treasury obligations, (ii) all direct or fully guaranteed obligations, (iii) Farmers Home Administration, (iv) General Services Administration, (v) Guaranteed Title XI financing, (vi) Government National Mortgage Association (GNMA), and (vi) State and Local Government Series.

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

*"Former Agency"* means the former Community Development Agency of the City of King.

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

*"Independent Accountant"* means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

*"Independent Financial Consultant"* means any financial consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency, other than as original purchaser of the Bonds or any Parity Debt; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

*"Independent Redevelopment Consultant"* means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of Redevelopment Project; (b) is in fact independent and not under domination of the Successor Agency; (c) does not have any substantial interest, direct or indirect, with the Successor Agency; and (d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

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

*"Interest Payment Date"* means February 1 and August 1 in each year, commencing August 1, 2016, so long as any of the Bonds remain Outstanding hereunder.

*"Law"* means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the California Health and Safety Code, and the acts amendatory thereof and supplemental thereto.

*"Material Adverse Effect"* means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the Successor Agency, (b) the ability of the Successor Agency to carry out its business in the manner conducted as of the date of this Indenture or to meet or perform its obligations under this Indenture on a timely basis, (c) the validity or enforceability of this Indenture, or (d) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

*"Material Litigation"* means any action, suit, proceeding, inquiry or investigation against the Successor Agency in any court or before any arbitrator of any kind or before or by any Governmental Authority, (i) if determined adversely to the Successor Agency, may have a Material Adverse Effect, (ii) seek to restrain or enjoin any of the transactions contemplated by this Indenture, or (iii) may adversely affect (A) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the Successor Agency to perform its obligations under this Indenture.

*"Maximum Annual Debt Service"* means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year following the anticipated issuance of Bonds and Parity Debt.

*"Moody's"* means Moody's Investors Service, its successors and assigns.

*"1998 Bonds"* means the Community Development Agency of the City of King Tax Allocation Subordinate Revenue Bonds, Series 1998 (King City Redevelopment Project) (Monterey County, California), issued to finance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$3,265,000 principal amount remains outstanding.

*"Original Purchaser"* means Compass Mortgage Corporation, the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

*"Outstanding"* when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

*"Oversight Board"* means the oversight board to the Successor Agency duly constituted from time to time pursuant to section 34179 of the Dissolution Act.

*"Owner" or "Bondowner" or "Bond Owner,"* when used with respect to the Bonds, means the person in whose name the ownership of the Bonds shall be registered on the Bond Registration Books. Compass Mortgage Corporation, an Alabama corporation, is the initial Owner.

*"Parity Debt"* means any loans, advances or indebtedness issued or incurred by the Successor Agency on a parity with the Bonds pursuant to Section 3.04.

*"Pass-Through Agreement"* means the agreement entitled "Agreement Between the Community Development Agency of the City of King, County of Monterey and Monterey County Flood Control and Water Conservation District Pursuant to Health and Safety Code Section 33401" dated as of November 12, 1986, as amended by the agreement entitled "Amendment to Agreement Between the Community Development Agency of the City of King, and the County of Monterey and Monterey County Flood Control and Water Conservation District Pursuant to Health and Safety Code Section 33401," dated as of November 12, 1986, between the Agency, the County and Monterey County Flood Control and Water Conservation District.

*"Permitted Investments"* means the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership
2. U.S. Farmers Home Administration (FmHA)  
Certificates of Beneficial Ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration  
Participation Certificates
6. Government National Mortgage Association (GNMA or Ginnie Mae)  
GNMA—guaranteed mortgage-backed bonds  
GNMA—guaranteed pass-through obligations
7. U.S. Maritime Administration  
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
New Communities Debentures - U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System  
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)  
Participation Certificate  
Senior debt obligations
3. Federal National Mortgage Association (FNMA or Fannie Mae)  
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or Sallie Mae)  
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System  
Consolidated systemwide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, which invest solely in Federal Securities, if rated by S&P, having a rating of AA-Am-G; and if rated by Moody's having

a rating of Aaa, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(e) Unsecured certificates of deposit (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated on the date of purchase "A-1+" or better by S&P and "P-1" by Moody's and or certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law which are issued by commercial banks, savings and loan associations or mutual savings bank whose short-term obligations are rated on the date of purchase A-1 or better by S&P and Moody's.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC including those of the Trustee and its affiliates.

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

(h) Money market deposits, Federal funds or bankers acceptances with a maximum term of 180 days of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or better by Moody's and "A-1" or better by S&P.

(i) The Local Agency Investment Fund of the State, created pursuant to section 16429.1 of the California Government Code.

(j) Other forms of investments that satisfy the Successor Agency's Statement of Investment Policy.

*"Principal Account"* means the account by that name established and held by the Trustee pursuant to Section 4.03.

*"Principal Corporate Trust Office"* means such principal corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Successor Agency, initially being at 633 West Fifth Street, 24<sup>th</sup> Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust Services, except that, with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, initially in St. Paul, Minnesota.

*"Rating Category"* means any generic rating category of Moody's or S&P, without regard to any refinement of such category by plus or minus sign or by numerical or other qualifying designation.

*"Recognized Obligation Payment Schedule"* means a Recognized Obligation Payment Schedule, prepared and approved from time to time pursuant to subdivision (l) of section 34177 of the Dissolution Act.

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

*"Redemption Account"* means the account by that name established and held by the Trustee pursuant to Section 4.03.

*"Redevelopment Obligation Retirement Fund"* means the fund by that name referenced in Section 4.02 of this Indenture.

*"Redevelopment Plan"* means the redevelopment plan for the King City Redevelopment Project approved by the City Council of the City pursuant to Ordinance No. 500, enacted on November 25, 1986, as amended.

*"Redevelopment Project"* means the area of the undertaking pursuant to the *Redevelopment Plan*, together with any amendments of such redevelopment plan at any time duly authorized pursuant to the Law.

*"Refunding Bond Law"* means, collectively, section 34177.5(g) of the Law and section 53580 *et seq.* of the California Government Code

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

*"Report"* means a document in writing signed by an Independent Financial Consultant or an Independent Redevelopment Consultant and including: (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

*"Reserve Account"* means the account by that name established and held by the Trustee pursuant to Section 4.03.

*"Reserve Requirement"* means, as of any date of calculation, the amount equal to the least of (a) Maximum Annual Debt Service for the then current or every subsequent Bond Year, (b) 125% of average Annual Debt Service for the then current or every subsequent Bond Year, and (c) 10% of the original principal amount of the Bonds and any Parity Debt. On the Closing Date, such amount is \$\_\_\_\_\_.

*"Responsible Officer"* means any Vice President, Assistant Vice President or other officer of the Trustee with responsibility for matters related to this Indenture.

*"S&P"* means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., New York, New York, or its successors.

*"Sinking Account"* means the account by that name established and held by the Trustee pursuant to Section 4.03.

*"State"* means the State of California.

*"Statutory Pass-Through Amounts"* means all amounts required to be paid to affected taxing agencies pursuant to sections 33607.5 and/or 33607.7 of the Law and section 34183 of the Dissolution Act.

*"Successor Agency"* means the Successor Agency to the Community Development Agency of the City of King, as successor to the Former Agency, a public body corporate and politic duly organized and existing under the Law.

*"Supplemental Indenture"* means any resolution, agreement or other instrument which has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

*"Tax Revenues"* means the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act, after payment of:

- (a) County administrative fees pursuant to section 34183(a) of the Dissolution Act,
- (b) amounts due under the Pass-Through Agreement (unless subordinated to the payment of debt service on the Bonds),
- (c) the Statutory Pass-Through Amounts, and
- (d) all amounts due with respect to the 2011 Bonds.

If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to section 33670 of the Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution.

The Successor Agency hereby represents that Pass-Through Agreement has been subordinated to the payment of debt service on the Bonds.

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

*"2011 Bonds"* means the Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011, issued to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$4,850,000 principal amount remains outstanding.

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

Section 1.03. Rules of Construction. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### AUTHORIZATION AND TERMS

#### Section 2.01. Authorization of Bonds.

(a) Bonds in the aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture and the Refunding Bond Law. The Bonds shall be designated the "Successor Agency to the Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2016."

(b) This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained.

#### Section 2.02. Terms of Bonds.

(a) The Bonds shall be issued in fully registered form without coupons, as a single bond equal to the aggregate principal amount of the Bonds. The Bonds shall mature on August 1, \_\_\_\_, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rate of \_\_\_\_% per annum; *provided, however*, that so long as an Event of Default shall have occurred and is continuing, the interest rate may, at the option of the Owner, be increased to \_\_\_\_% per annum (the "Default Rate"), and *provided further, however*, if, by error or omission by the Successor Agency, the interest on the Bonds becomes includable in the gross income of the Owner for federal income tax purposes under the Internal Revenue Code of 1986, based upon a final determination, decision, or decree made by the Commissioner or any District Director of the Internal Revenue Service, the interest rate shall be increased to \_\_\_\_% per annum.

(b) Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date, to such Owner at the address of such Owner as it appears on the Registration Books as of such Record Date; *provided however*, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee on or before the applicable Record Date. Such instructions shall remain in effect until rescinded in writing by the Owner. Principal of and redemption premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or redemption (except for Sinking Account redemptions which do not require presentment for payment), at the Principal Corporate Trust Office. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

(c) The Bonds shall be dated as of their date of delivery and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) the Bonds are

authenticated on or before July 15, 2016, in which event they shall bear interest from their date of delivery; *provided, however*, that if, as of the date of authentication of the Bonds, interest thereon is in default, the Bonds shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(d) Notwithstanding anything herein to the contrary, so long as the Bonds are owned by the Initial Owner, (i) the Trustee shall pay principal of and interest and redemption premium on the Bonds when due by wire transfer in immediately available funds to the Initial Owner in accordance with such wire transfer instructions as shall be filed by the Initial Owner with the Trustee from time to time, (ii) payments of principal on the Bonds shall be made without the requirement for presentation and surrender of the Bonds by the Initial Owner, and (iii) the Trustee shall not be required to give notice to the Initial Owner of the redemption of Bonds under Section 2.03(b).

#### Section 2.03. Redemption of Bonds.

(a) *Optional Redemption.* The Bonds maturing on or before September 1, \_\_\_\_, are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, \_\_\_\_, are subject to redemption, at the option of the Successor Agency on any date on or after September 1, \_\_\_\_, as a whole or in part, by such maturities as shall be determined by the Successor Agency (and, in lieu of such determination, *pro rata* among maturities), and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

The Successor Agency shall be required to give the Trustee written notice of its intention to redeem Bonds under this subsection (a) with a designation of the maturities to be redeemed at least forty-five (45), but not more than seventy-five (75) days, prior to the date fixed for such redemption, or such lesser number of days as shall be agreed to by the Trustee in the sole determination of the Trustee.

(b) *Sinking Account Redemption.* The Bonds are subject to mandatory redemption from Sinking Account payments set forth in the following schedule on September 1, \_\_\_\_, and on each September 1 thereafter to and including September 1, \_\_\_\_, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Bonds so redeemed by reducing each such future Sinking Account payment on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee. If any Sinking Account redemption date is not a Business Day, such payment shall be made on the next succeeding Business Day.

Redemption Date (September 1)	Principal Amount
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† Maturity.

(c) *Notice of Redemption.* The Trustee on behalf of and at the expense of the Successor Agency will mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to the Owner at its addresses appearing on the Registration Books; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, state the portion of the Bonds to be redeemed (if a partial redemption) or that all of the Bonds Outstanding are to be redeemed, and will require that such Bonds be then surrendered (except for mandatory Sinking Account redemptions) at the Trust Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds under Section 2.03(a) above, the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, such event shall not constitute an Event of Default; the Trustee shall send written notice to the Owners to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of this Indenture.

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

(e) *Manner of Redemption.* Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be canceled.

(f) *Selection of Bonds for Redemption.* Whenever provision (other than pursuant to Section 2.03(b)) is made in this Indenture for the redemption of Bonds and less than all Bonds then

currently outstanding are called for redemption, the Trustee will select Bonds for redemption from Bonds then currently Outstanding and not previously called for redemption, at the written direction of the Successor Agency in such order of maturity as shall be designated by the Successor Agency, and in the absence of such direction, *pro rata* among maturities and by lot within a maturity. The Trustee will promptly notify the Successor Agency in writing of the Bonds so selected for redemption.

Section 2.04. Forms of Bonds. The Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Successor Agency by the signature of its Executive Director and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Successor Agency although on the date of such Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Bonds as shall bear thereon a Certificate of Authentication in the form hereinafter set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Bonds are issued pursuant to Section 2.09 hereof, the temporary Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.06. Transfer of Bonds.

(a) The Bonds may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bonds shall be surrendered for registration of transfer, the Successor Agency shall execute and the Trustee shall deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

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

(b) Ownership of the Bonds may be transferred in whole only, but only to a person or persons that the Owner reasonably believes is either:

(i) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended,

(ii) an accredited investor as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, or

(iii) a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to qualified institutional buyers or accredited investors;

in each case that executes and delivers to the Trustee an investor letter in substantially the form attached hereto as Exhibit C; .

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

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

Section 2.08. Registration of Bonds. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection by the Successor Agency, upon reasonable prior notice to the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books Bonds as hereinbefore provided.

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Bonds. If the Successor Agency issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, interest rates and like maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

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

mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity for the Trustee and the Successor Agency satisfactory to the Trustee shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the Successor Agency). The Successor Agency may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the Successor Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section 2.10 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

### ARTICLE III

#### DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY DEBT

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

Section 3.02. Application of Proceeds of Sale.

(a) Upon the receipt of payment for the Bonds on the Closing Date of \$\_\_\_\_\_, being the principal amount of the Bonds the Trustee shall apply the proceeds of sale thereof as follows:

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

(ii) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Reserve Fund; and

(iii) The Trustee shall transfer the amount of \$\_\_\_\_\_ to the Escrow Bank for deposit in the Escrow Fund.

(b) The Trustee may establish, as it deems necessary, a temporary fund or account on its records to facilitate the deposits and transfers set forth herein.

Section 3.03. Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Request of the Successor Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On May 4, 2016, or upon the earlier Written Request of the Successor Agency, any moneys remaining on deposit in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account and the Costs of Issuance Fund shall be closed.

Section 3.04. Issuance of Parity Debt. In addition to the Bonds, the Successor Agency may issue or incur Parity Debt only to refund the Bonds in such principal amount as shall be determined by the Successor Agency, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and Trustee. The Successor Agency may issue or incur such Parity Debt subject to the following specific conditions precedent:

(a) The Successor Agency will be in compliance with all covenants set forth in this Indenture;

(b) The Oversight Board shall have approved the issuance of the Parity Debt.

(c) The Parity Debt will be on such terms and conditions as may be set forth in a separate or Supplemental Indenture, which will provide for bonds substantially in accordance with this

Indenture, and the deposit of moneys or a surety bond into the Reserve Account in an amount sufficient, together with the balance of the Reserve Account, to equal the Reserve Requirement on all Bonds expected to be outstanding including the Parity Debt;

(d) Receipt of a certificate or opinion of an Independent Financial Consultant stating that the total net interest cost to maturity of the Parity Debt plus the principal amount of the Parity Debt will not exceed the total net interest cost to maturity of the Bonds or previously issued Parity Debt to be refunded plus the principal amount of the Bonds or previously issued Parity Debt to be refunded.

(e) The Parity Debt will mature on and interest will be payable on the same dates as the Bonds (except the first interest payment may be from the date of the Parity Debt until either the next succeeding March 1 or September 1).

Section 3.05. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of his obligation with respect to the Redevelopment Project.

## ARTICLE IV

### SECURITY OF BONDS; FLOW OF FUNDS

Section 4.01. Security of Bonds; Equal Security. Except as provided in Section 6.06, the Bonds and any additional Parity Debt shall be equally secured by a pledge and lien on all of the Tax Revenues and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account therein) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

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

Section 4.02. Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues. There has been established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to section 34170.5 of the Dissolution Act. There is hereby established a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee. The Successor Agency shall deposit all of the Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts received therein to the Debt Service Fund established and held by the Trustee under this Indenture until such time during such Bond Year as the amounts so transferred to the Debt Service Fund hereunder equal the aggregate amounts required to be deposited by the Trustee into the Interest Account, the Principal Account and the Redemption Account of the Debt Service Fund in such Bond Year pursuant to Section 4.03 of this Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture.

Section 4.03. Deposit of Amounts by Trustee. There are hereby created accounts within the Debt Service Fund as set forth below, to be known respectively as the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account. Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, in the following order of priority:

(a) *Interest Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing with the August 1, 2016, Interest Payment Date, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Parity Debt on such Interest Payment Date. No such

transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Parity Debt. Subject to this Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable (including accrued interest on any Bonds and Parity Debt redeemed prior to maturity pursuant to this Indenture).

(b) *Principal Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing with the August 1, \_\_\_\_, Interest Payment Date, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Principal Account an amount equal to one-half of the principal payments becoming due and payable on Outstanding Bonds and Parity Debt on the next September 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on the next September 1 on all Outstanding Bonds and Parity Debt. Subject to this Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds and Parity Debt as it becomes due and payable.

(c) *Sinking Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing September 1, \_\_\_\_, Interest Payment Date, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Sinking Account an amount equal to one-half of the sinking account payment becoming due and payable on Outstanding Bonds and Parity Debt on the next September 1. No such transfer and deposit need be made to the Sinking Account if the amount contained therein is at least equal to the sinking account payments to become due on the next September 1 on all Outstanding Bonds and Parity Debt. Subject to this Indenture, all moneys in the Sinking Account will be used and withdrawn by the Trustee solely for the purpose of paying the aggregate principal amount of the Bonds and term bonds relating to Parity Debt required to be redeemed on such September 1 pursuant to Section 2.03(b).

(d) *Reserve Account.* In the event that the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time is less than the Reserve Requirement, the Trustee shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall transfer to the Trustee, Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement.

Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to (i) the Interest Account (and any interest account created for Parity Debt), and (ii) the Principal Account (and any principal account created for Parity Debt) and the Sinking Account (and any sinking account created for Parity Debt) in such order of priority (*pro rata* to the Principal Account (and any principal account created for Parity Debt) and the Sinking Account (and any sinking account created for Parity Debt), based upon the principal and sinking account payments then due, if the amount then in the Reserve Account, after satisfying any deficiency in the Interest Account (and any interest account created for Parity Debt), is not sufficient to fully satisfy any then deficiencies in the Principal Account (and any principal account created for Parity Debt) and the Sinking Account (and any sinking

account created for Parity Debt), in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds or Parity Debt then Outstanding, except that 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 (as determined by the Trustee based upon a valuation of investments held in such account performed in accordance with Section 6.07) shall be withdrawn from the Reserve Account semiannually on or before the Business Day preceding each March 1 and September 1 by the Trustee and deposited in the Interest Account (and any interest account created for Parity Debt).

If a valuation discloses that amounts in the Reserve Account are less than the Reserve Requirement, which valuation must occur not less than semi-annually, the Successor Agency shall immediately cause the cure thereof from any available moneys. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this Section 4.03, then, at the Written Request of the Successor Agency, to the Successor Agency for deposit by the Agency into the Special Fund. The Trustee may conclusively presume that there has been no change in the Reserve Requirement unless notified in writing by the Successor Agency.

(e) *Redemption Account.* On or before the fifth Business Day preceding any date on which Bonds are to be redeemed, other than through mandatory Sinking Account redemption, the Trustee shall withdraw from the Debt Service Fund and transfer to the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date, taking into account any funds then on deposit in the Redemption Account. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed on the respective dates set for such redemption.

## ARTICLE V

### COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01. Covenants of the Successor Agency. As long as the Bonds are outstanding and unpaid, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Bondowners which are necessary, convenient and desirable to secure the Bonds and any Parity Debt and will tend to make them more marketable; *provided, however*, that the covenants do not require the Successor Agency to expend any funds other than the Tax Revenues:

(a) *Use of Proceeds; Management and Operation of Properties*. The Successor Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in this Indenture and that it will manage and operate all properties owned by it comprising any part of the Redevelopment Project in a sound and businesslike manner.

(b) *No Priority*. The Successor Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Tax Revenues which have any lien upon the Tax Revenues prior or superior to the lien of the Bonds. Except as permitted by Section 3.04 hereof, it will not issue any obligations, payable as to principal or interest, from the Tax Revenues, which have any lien upon the Tax Revenues on a parity with the Bonds authorized herein. Notwithstanding the foregoing, nothing in this Indenture shall prevent the Successor Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Tax Revenues, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all of the Outstanding Bonds and Parity Debt, (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Tax Revenues which is junior to the Bonds, or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Tax Revenues. As used herein "obligations" includes, without limitation, bonds, notes, interim certificates, debentures or other obligations.

(c) *Punctual Payment*. The Successor Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds.

(d) *Payment of Taxes and Other Charges*. The Successor Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Redevelopment Project, 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.

(e) *Books and Accounts; Financial Statements*. The Successor Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts

(separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Tax Revenues and other funds relating to the Redevelopment Project. The Successor Agency will prepare within one hundred eighty (180) days after the close of each of its Fiscal Years a post-audit of the financial transactions and records of the Successor Agency for the Fiscal Year to be made by an Independent Certified Public Accountant appointed by the Successor Agency, and will furnish a copy of the post-audit to the Trustee and any rating agency which maintains a rating on the Bonds, and, upon written request, to any Bondowner. The Trustee shall have no duty to review such post-audits.

(f) *Eminent Domain Proceeds.* The Successor Agency covenants and agrees that if all or any part of the Redevelopment Project should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, it shall take all steps necessary to adjust accordingly the base year property tax roll of the Redevelopment Project.

(g) *Disposition of Property.* The Successor Agency covenants and agrees that it will not dispose of land area in the Redevelopment Project (except property in effect on the date this Indenture is adopted as planned for public use, or property to be used for public streets, public off-street parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, unless such disposition will not result in Tax Revenues to be less than 1.25 times Maximum Annual Debt Service, based upon the certificate or opinion of an Independent Financial Consultant appointed by the Successor Agency.

(h) *Protection of Security and Rights of Bondowners.* The Successor Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondowners and to contest by court action or otherwise (i) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that (A) the Law is unconstitutional or (B) that the Tax Revenues pledged under this Indenture cannot be paid to the Successor Agency for the debt service on the Bonds or (ii) any other action affecting the validity of the Bonds or diluting the security therefor, including, with respect to the Tax Revenues, the senior lien position of the Bonds to the Statutory Pass-Through Amounts.

(i) *Tax Covenants.* The Successor Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any departments or agency thereof that the interest received by the Bondowners is includable in gross income of the recipient under federal income tax laws on the date of issuance of the Bonds. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Bonds and tax-exempt Parity Debt will not be adversely affected for federal income tax purposes, the Successor Agency covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(i) **Rebate Requirement.** The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government. In the event that the Successor Agency shall determine that any amounts are due and payable to the United States of America hereunder and that the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the Interest Account, the Principal Account, the Sinking Account and excluding any other moneys required to pay the principal of or interest or redemption premium, if any, on the Bonds) to make such payment, the Successor Agency shall promptly pay from available Tax Revenues or any other source

of legally available funds the sum of (a) one hundred percent (100%) of the amounts determined to be due and payable to the United States of America as a result of the investment of amounts on deposit in any fund or account established hereunder, plus (b) all other amounts due and payable to the United States of America.

(ii) **Private Business Use Limitation.** The Successor Agency shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds or any of the Former Agency Obligations to become "private activity bonds" within the meaning of section 141(a) of the Code.

(iii) **Private Loan Limitation.** The Successor Agency shall assure that no more than five percent (5%) of the net proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting nonpurpose obligations as defined in the Code or constituting assessments) to persons other than state or local government units.

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

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

(vi) **Small Issuer Exemption from Bank Deductibility Restriction.** The Successor Agency hereby designates the Bonds as "qualified tax-exempt obligation" for the purposes and within the meaning of section 265(b)(3) of the Code. In support of such designation, the Successor Agency hereby certifies that (i) the Bonds will be at no time "private activity bonds" (as defined in section 141 of the Code); (ii) as of the date hereof in calendar year 2015, other than the Bonds, no tax-exempt obligations of any kind have been issued (A) by or on behalf of the Successor Agency, (B) by other issuers, any of the proceeds of which have been or will be used to make any loans to the Successor Agency, or (C) any portion of which has been allocated to the Successor Agency for purposes of section 265(b) of the Code; and (iii) not more than \$10,000,000 of obligations of any kind (including the Bonds) issued (A) by or on behalf of the Successor Agency, (B) by other issuers any of the proceeds of which have been or will be used to make any loans to the Successor Agency, or (C) any portion of which has been allocated to the Successor Agency for purposes of section 265(b) of the Code during calendar year 2015 will be designated for purposes of section 265(b)(3) of the Code.

The Successor Agency is not subject to control by any entity, and there are no entities subject to control by the Successor Agency.

As of the Closing Date, the Successor Agency does not reasonably anticipate that for calendar year 2016 it will issue, borrow the proceeds of or have allocated to it for purposes of section 265(b) of the Code, any Section 265 Tax-Exempt Obligations (other than the Bonds), or that any Section 265 Tax-Exempt Obligations will be issued on behalf of it. "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludable from gross income of the owners thereof under section 103 of the Code,

except for private activity bonds, other than qualified 501(c)(3) bonds, both as defined in section 141 of the Code. The Successor Agency will not, in calendar 2015, issue, permit the issuance on behalf of it or by any entity subject to control by the Successor Agency (which may hereafter come into existence), borrow the proceeds of or agree to an allocation to it for purposes of section 265(b) of the Code, Section 265 Tax-Exempt Obligations (including the Bonds) that exceed the aggregate amount of \$10,000,000 during calendar year 2015, unless it first obtains an opinion of Bond Counsel to the effect that such issuance, borrowing or allocation will not adversely affect the treatment of the Bonds as "qualified tax-exempt obligations" for the purpose and within the meaning of section 265(b)(3) of the Code.

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

(k) *Compliance with Dissolution Act.* The Successor Agency covenants that it will comply with the requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. The Successor Agency shall take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds coming due in such Bond Year, including the inclusion on the applicable Recognized Obligation Schedule the amounts set forth in the Recognized Obligation Debt Service Schedule attached hereto as Exhibit C and hereby made a part hereof.

(l) *Processing ROPS.* Not later than February 1 in each year, commencing February 1, 2017, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Auditor-Controller which shall include the following: (i) all scheduled interest payments on all Outstanding Bonds and Parity Debt of the Successor Agency that are due and payable during the next calendar year, (ii) all scheduled principal and mandatory sinking fund redemption payments on all Outstanding Bonds and Parity Debt of the Successor Agency that are due and payable during the next calendar year, and (iii) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture or in any indenture relating to Parity Debt.

(m) *Dissolution Act Invalid; Maintenance of Tax Revenues.* In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Law or the equivalent to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of amounts payable by the State, appropriate officials of the State..

(n) *Reporting Requirements.* The Successor Agency hereby covenants and agrees that it will provide to the Owner:

(i) the Comprehensive Annual Financial Report (CAFR) of the City due by the last day of the ninth month after the end of the fiscal year, which shall include (a) audited financial statements of the City, including the Successor Agency, with a standard opinion provided by the auditor in accordance with Generally Accepted Accounting Principles including required supplemental information;

(ii) upon request, the Successor Agency will provide, as soon as practicable, a copy of the State Department of Finance approved semi-annual ROPS filing in the event the information cannot be obtained through the State Department of Finance at <http://www.dof.ca.gov/redevelopment/ROPS/view.php>;

(iii) copies of the Belmont Pass Through Reports provided to the Successor Agency by the County Controller's Office, as soon as practicable following receipt;

(iv) notices of (A) any default on any debt obligation, (B) Material Litigation, (C) material governmental proceedings, or (D) Material Adverse Effect; and

(v) upon request, other information requested by the Owner related to the assessed value of the Redevelopment Project in the event the information cannot be obtained without charge through California Muni Statistics, Inc. or through the County at <https://secure.smcare.org/apps/art/LandImprovements/LandImprovements.aspx> or similarly related sites as provided by the County.

ARTICLE VI  
THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

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

(b) The Successor Agency may remove the Trustee at any time and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) if at any time the Successor Agency has knowledge that the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 6.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall immediately appoint a successor Trustee by an instrument in writing.

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

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

and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

(e) Any Trustee appointed under the provisions of this Section 6.01 in succession to the Trustee shall be a financial institution having a corporate trust office in the State, having (or in the case of a corporation, national banking association or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 6.01.

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

Section 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or intentional misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

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

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

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

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

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

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

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and shall be entitled to opinion and advice of counsel concerning all matters of trust and its duties hereunder. The Trustee shall not be responsible for any action taken or not taken on the part of any agent, attorney or receiver appointed with due care by it hereunder.

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

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

Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee shall not be accountable for the use or application by the Successor Agency or any other party of any funds which the Trustee has released in accordance with the terms of this Indenture. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees, agents and attorneys. Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of this Article VI.

The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of 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 or terrorists, acts of a government, acts of the other party, 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 zoning or other governmental action or inaction pertaining to the project, 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.

Section 6.04. Right to Rely on Documents and Opinions. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, opinion or other paper or document believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

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

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, that, 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 Authority or Successor Agency elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee acts upon such instructions, the Trustee's 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 such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the Successor Agency agrees to assume all risks arising out of the use 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.

Section 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

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

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

Section 6.07. Deposit and Investment of Moneys in Funds. Subject to the provisions of Article V hereof, all moneys held by the Trustee in the Debt Service Fund, Costs of Issuance Fund or the Redemption Account, shall, at the written direction of the Successor Agency, be invested only in Permitted Investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any fund or account, the Trustee shall request such written direction from the Successor Agency and, pending receipt of instructions, shall invest such moneys solely in Permitted Investments described in subsection (d) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the Successor Agency specifying a specific money market

fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested.

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

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

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

Obligations purchased as an investment of moneys in any of the funds or accounts shall be deemed at all times to be a part of such respective fund or account and the interest accruing thereon and any gain realized from an investment shall be credited to such fund or account and any loss resulting from any authorized investment shall be charged to such fund or account without liability to the Trustee. The Successor Agency or the Trustee, as the case may be, shall sell or present for redemption any obligation purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by this Indenture and shall incur no liability for any loss realized upon such a sale. All interest earnings received on any monies invested in the Interest Account, the Principal Account, the Sinking Account, the Redemption Account or the Reserve Account, to the extent they exceed the amount required to be in such account, shall be transferred on each Interest Payment Date to the Debt Service Fund. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 6.07. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.07 hereof. The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

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

The value of Permitted Investments shall be determined as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the

Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (iv) as to any investment not specified above: the value thereof established by prior agreement between the Successor Agency and the Trustee. If more than one provision of this definition of "value" shall apply at any time to any particular investment, the value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment; provided, notwithstanding the foregoing, in making any valuations hereunder, the Trustee may utilize and conclusively rely upon such pricing services as may be regularly available to it, including, without limitation, those within its regular accounting system.

Section 6.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least monthly, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture. The Trustee shall maintain and store such records for a period of one year after the stated maturity of the Bonds.

Section 6.09. Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 6.09 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them; *provided, however*, in no event shall the Trustee be responsible or liable for the acts or omissions of any co-trustee.

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

shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 6.10. Other Transactions with Successor Agency. The Trustee, either as principal or agent, may engage in or be interested in any financial or other transaction with the Successor Agency.

## ARTICLE VII

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. Amendment. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes:

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

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

(c) to provide for the issuance of Parity Debt in accordance with Section 3.04; or

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

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In addition, the Trustee shall be entitled to an opinion of counsel concerning the Supplemental Indenture's lack of any material adverse effect on the Owners and that all conditions precedent for any supplement or amendment have been satisfied.

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

Section 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the

Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency, the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared at the expense of the Successor Agency and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office, without cost to such Owners.

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

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Events of Default. The following events shall constitute Events of Default hereunder:

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

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 60 day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency within such 60 day period and the Successor Agency thereafter diligently and in good faith cures such failure within 120 days; or

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

Section 8.02. Remedies of Bondowners. Any Bondowner shall have the right, for the equal benefit and protection of all Bondowners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the Successor Agency and its Board members, officers, agents or employees to perform each and every term, provision and covenant contained in this Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Successor Agency and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners' rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the Successor Agency and its Board members and employees to account as if it and they were the trustees of an express trust.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondowner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Bondowner thereof, or to

authorize the Trustee to vote in respect of the claim of any Bondowner in any such proceeding without the approval of the Bondowners so affected.

**Section 8.03. Application of Funds** . All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of, and during the continuation of, an Event of Default, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order:

*First*, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

*Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

**Section 8.04. Limitation on Owner's Right to Sue**. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made Written Request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such Written Request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section 8.04 or any other provision of this Indenture.

**Section 8.05. Non-Waiver**. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged

hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

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

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

Section 8.06. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Debt shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; *provided, however*, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel).

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

Section 8.08. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Successor Agency, the Trustee, their officers, employees and agents, and the Owners any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation of this Indenture, and all covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Successor Agency, the Trustee, their officers, employees and agents, and the Owners.

ARTICLE IX  
MISCELLANEOUS

Section 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee and the Owners.

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

Section 9.03. Discharge of Indenture. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or an escrow agent, in trust or in escrow, as applicable, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, or;

(c) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion of (including all principal, interest and redemption premiums) at or before maturity;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(c) or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (a) the covenants of the Successor Agency hereunder with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds hereunder, (c) the obligations of the Successor Agency under Section 6.06 hereof, and (d) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall

be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

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

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

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

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

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee and in accordance therewith, *provided, however*, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 9.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency or the City (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Upon request of the Trustee, the Successor Agency shall specify to the Trustee those Bonds disqualified pursuant to this Section 9.05.

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

Section 9.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon request of the Successor Agency provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.08. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class, registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

If to the Successor Agency: Successor Agency to the  
Community Development Agency of the City of King  
c/o City of King  
212 South Vanderhurst Avenue  
King City, CA 93930  
Attention: City Manager  
Phone: (831) 674-5591

If to the Trustee: U.S. Bank National Association  
633 West Fifth Street, 24<sup>th</sup> Floor  
Los Angeles, CA 90071  
Attention: Global Corporate Trust Services  
Phone: (213) 615-6005

If to the Initial Owner: BBVA Compass  
999 18<sup>th</sup> Street, Suite 2800  
Denver, CO 80202  
Attention: Mr. Matt Chorske  
Phone: (303) 217-2235  
Fax: (303) 209-8497

With a copy to: BBVA Compass Bank  
P.O. Box 1190  
Leander, TX 78746  
Attention: Credit Risk Operations  
Phone: (512) 421-5715  
Fax: (866) 695-4804

*For overnight deliveries:*

BBVA Compass Bank  
201 North Hwy 183  
Leander, TX 78641  
Attention: Credit Risk Operations  
Phone: (512) 421-5715  
Fax: (866) 695-4804

The Successor Agency and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 9.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and

vest in the Treasurer of the Successor Agency in trust for the benefit of the Owners. The Successor Agency covenants for the direct benefit of the Owners that its Treasurer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

Section 910. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

Section 911. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 912. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

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

SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT  
AGENCY OF THE CITY OF KING

By \_\_\_\_\_  
Steven Adams  
Executive Director

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
John Axt  
Vice President

**EXHIBIT A**  
**FORM OF BONDS**

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS BOND MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH SECTION 2.07 OF THE INDENTURE DESCRIBED HEREIN.

United States of America  
State of California  
County of Monterey

**SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING  
Tax Allocation Refunding Bond, Series 2016**

INTEREST RATE	MATURITY DATE	DATED DATE
_____ %	September 1, _____	March __, 1016

REGISTERED OWNER:        COMPASS MORTGAGE CORPORATION

PRINCIPAL AMOUNT:        \_\_\_\_\_ DOLLARS

The SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING, a public body duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before July 15, 2016, in which event it shall bear interest from the Dated Date above; *provided however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on each March 1 and September 1, commencing March 1, 2016 (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months.

Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the Principal Corporate Trust Office (as such term is defined in the Indenture) of U.S. Bank National Association, as trustee (the "Trustee"), or at such other place as designated by the Trustee. Interest hereon (including the final interest payment upon

maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for which such Interest Payment Date occurs; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose on or before the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency to the Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2016" (the "Bonds"), of an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, or redemption and other provisions) and all issued pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code and pursuant to a resolution of the Successor Agency adopted on October 27, 2015, a resolution of the Oversight Board of the Successor Agency to the Community Development Agency of the City of King, adopted on October 28, 2015, and an Indenture of Trust, dated as of March 1, 2016, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Additional bonds or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law") for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds are being issued for the purpose of (a) providing funds to the Successor Agency to refund certain outstanding obligations incurred by the former Community Development Agency of the City of King (the "Former Agency"), payable from tax increment revenue generated in the King City Redevelopment Project established in the City of King (the "City"), as identified in the Indenture, (b) funding a reserve fund for the Bonds, and (c) paying the costs of issuing the Bonds.

The Bonds are special obligations of the Successor Agency and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture), are payable from, and are secured by a pledge of, security interest in and lien on the Tax Revenues being the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 the California Health and Safety Code, as provided in paragraph (2) of subdivision (a) of section 34183 of the California Health and Safety Code. If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 the California Health and Safety Code are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to section 33670 of the California Health and Safety Code or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

There has been created and will be maintained by the Successor Agency, the Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Tax

Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment of the principal of and the interest and redemption premium, if any, on the Bonds when due. As and to the extent set forth in the Indenture, all such Tax Revenues are exclusively and irrevocably to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds. In addition, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Redevelopment Obligation Retirement Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account (as such terms are defined in the Indenture). Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

The Bonds maturing on or before September 1, \_\_\_\_, are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, \_\_\_\_, are subject to redemption, at the option of the Successor Agency on any date on or after September 1, \_\_\_\_, as a whole or in part, by such maturities as shall be determined by the Successor Agency (and, in lieu of such determination, *pro rata* among maturities), and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

The Bonds maturing on September 1, \_\_\_\_, are also subject to mandatory redemption from sinking fund payments made by the Successor Agency, in part by lot, on September 1, \_\_\_\_, and on each September 1 to and including September 1, \_\_\_\_, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

Redemption Date (September 1)	Principal Amount
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† Maturity.

As provided in the Indenture, notice of redemption shall be given by first class mail no less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption. Notices of optional redemption may be conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and if the Trustee does not receive sufficient funds by the scheduled redemption date the redemption shall not occur and the Bonds for which notice of redemption was given shall remain outstanding for all purposes of the Indenture.

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

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

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

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Trustee may refuse to transfer or exchange (a) any Bonds during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bonds selected for redemption.

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

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

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

THE BONDS HAVE BEEN DESIGNATED BY THE SUCCESSOR AGENCY AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" WITHIN THE MEANING OF SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986.

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

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

IN WITNESS WHEREOF, the Successor Agency to the Community Development Agency of the City of King has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary, all as of the Dated Date stated above.

SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY  
OF THE CITY OF KING

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

ATTEST:

\_\_\_\_\_  
Secretary

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

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

Authentication Date: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

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

**ASSIGNMENT**

For value received, the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
\_\_\_\_\_

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

the within Bond and do(es) hereby irrevocably constitute and appoint

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

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

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution (banks, stock brokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to Securities and Exchange Commission Rule 17 Ad-15.

NOTICE: 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.

**EXHIBIT B**

**RECOGNIZED OBLIGATION DEBT SERVICE PAYMENT SCHEDULE**

<u>Bond Year Ending February 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
<b>Total</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**EXHIBIT C**  
**FORM OF INVESTOR'S LETTER**

Successor Agency to the Community Development Agency of the City of King  
City of King, California

U.S. Bank National Association  
Los Angeles, California

Re: Successor Agency to the Community Development Agency of the City of King Tax  
Allocation Refunding Bonds, Series 2016

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Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of the above-referenced bonds (the "Bonds") does hereby certify, represent and warrant for the benefit of the Successor Agency to the Successor Agency to the Community Development Agency of the City of King (the "Successor Agency") and U.S. Bank National Association, as trustee (the "Trustee") that:

(a) The Purchaser (MARK OR INDICATE APPROPRIATELY):

is a qualified institutional buyer" (a "Qualified Institutional Buyer") within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"),

is an "accredited investor" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (an "Accredited Investor"), or

a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to Qualified Institutional Buyers or Accredited Investors.

(b) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(c) The Purchaser is not now and has never been controlled by, or under common control with, the Successor Agency. The Successor Agency has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the Successor Agency or with any affiliate in connection with the Bonds, other than as disclosed to the Successor Agency.

(d) The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The individual who is signing

this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(e) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

(f) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.06 of the Indenture of Trust, dated as of August 1, 2014, by and between the Successor Agency and the Trustee (the "Indenture"), including in certain circumstances the requirement for the delivery to the Successor Agency and the Trustee of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the provisions of Section 2.06 of the Indenture shall cause the purported transfer to be null and void.

(h) Neither the Trustee nor Bond Counsel, or any of their employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Successor Agency or its financial condition, or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(i) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c-2 of the Securities and Exchange Commission and that the Successor Agency has not undertaken to provide any continuing disclosure with respect to the Bonds, except as otherwise provided in the Indenture.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

3

\$ \_\_\_\_\_

**SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING  
Tax Allocation Refunding Bonds, Series 2016**

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**BOND PURCHASE AND RATE LOCK AGREEMENT**

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March \_\_, 2016

Successor Agency to the  
Community Development Agency of the City of King  
212 South Vanderhurst Avenue  
King City, CA 93930

Ladies and Gentlemen:

Compass Mortgage Corporation, an Alabama corporation (the "Purchaser"), offers to enter into this Bond Purchase and Rate Lock Agreement (the "Bond Purchase Agreement") with the Successor Agency to the Successor Agency to the Community Development Agency of the City of King (the "Successor Agency"), which will be binding upon the Successor Agency and the Purchaser 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 Purchaser on or before 5:00 P.M., California time, on the date hereof.

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

1. *Purchase and Sale.* Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Purchaser and the Purchaser hereby agrees to purchase from the Successor Agency, all (but not less than all) of the \$\_\_\_\_\_ Successor Agency to the Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2016 (the "Bonds"), at the purchase price of \$\_\_\_\_\_ (the "Purchase Price"), being the principal amount of the Bonds. The Purchase Price will be delivered on the Closing Date (as defined in Section 6 below), to U.S. Bank National Association, as trustee (the "Trustee"), on behalf of the Successor Agency.

The Successor Agency acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Successor Agency and the Purchaser; (ii) in connection with such transaction, including the process leading thereto, the Purchaser is acting solely as a principal and not as an agent or a fiduciary of the Successor Agency; (iii) the Purchaser has neither assumed an advisory or 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 Purchaser, or any affiliate of the Purchaser, has advised or is currently advising the Successor Agency on other matters) nor has it assumed any other obligation to the Successor Agency except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Purchaser has financial and other interests that differ from those of the Successor Agency; and (v) the Successor Agency has consulted with its

own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The Successor Agency hereby acknowledges receipt from Stifel, Nicolaus & Company, Incorporated, as placement agent (the "Placement Agent"), of disclosures required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012), relating to disclosures concerning the Placement Agent's role in the transaction, disclosures concerning the Placement Agent's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

The Bonds shall be dated the Closing Date, shall bear interest at the rate, shall mature on the date and in the principal amounts and shall be subject to redemption, all as set forth in the attached Exhibit A and in the Indenture.

If the purchase of the Bonds does not close on or before the Rate Lock Expiration Date, the Successor Agency shall and hereby agrees to promptly pay to Purchaser the Break Fee, but in no event shall such fee be paid later than five (5) Business Days after the Rate Lock Expiration Date. If the Successor Agency requests the Purchaser extend the Rate Lock Expiration Date, and if the Rate Lock Expiration Date is so extended by the Purchaser, in its sole discretion, the Successor Agency agrees to pay Purchaser, upon demand, any Break Fees applicable to any extension of the Rate Lock Expiration Date. To the extent the Successor Agency is unable to satisfy its obligation to any Break Fee from amounts available from its July 1, 2016, Recognized Obligation Payment Schedule filing, the Successor Agency shall include such Break Fee in the Recognized Obligation Payment Schedule filing next succeeding the Rate Lock Expiration Date.

"Break Fee" means the amount, if any, determined by multiplying (a) the difference (but not less than zero) between (i) the U.S. Treasury constant maturity yield (from the Federal Reserve daily H.15 Report) having a maturity closest to the maturity date of the Bonds, as of the date hereof, or, if no such maturity is reported, an interpolated yield based on the maturity that is next shorter than the maturity date of the Bonds, and the maturity that is next longer than the maturity date of the Bonds, and (ii) the U.S. Treasury constant maturity yield (from the Federal Reserve daily H.15 Report) having a maturity closest to the maturity date of the Bonds, as of the Rate Lock Expiration Date, or, if no such maturity is reported, an interpolated yield based on the maturity that is next shorter than the maturity date of the Bonds, and the maturity that is next longer than the maturity date of the Bonds, times (b) 50% of the original principal amount of the Bonds, times (c) the number of days to the maturity date of the Bonds, divided by 360.

"Rate Lock Expiration Date" means, unless extended, \_\_\_\_\_, 2016.

The Bonds are being issued pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code, resolutions of the Successor Agency, adopted on October 27, 2015, and \_\_\_\_\_, 2016 (the "Successor Agency Resolutions"), a resolution of the Oversight Board to the Successor Agency to the Community Development Agency of the City of King, adopted on October 28, 2015 (the "Oversight Board Resolution"), and that certain Indenture of Trust, dated as of March 1, 2016 (the "Indenture"), by and between the Successor Agency and the Trustee. The Department of Finance of the State (the "Department of Finance") has issued a letter, dated December 30, 2015, approving the issuance of the Bonds. The Bonds are special, limited obligations of the Successor Agency, payable from, and secured by a lien on Tax Revenues. The Bonds will be subordinate as to payment and security with the outstanding Community Development Agency of the City of King Tax Allocation Refunding Bonds, Series 2011.

The Bonds are being issued for the purpose of (a) providing funds to the Successor Agency to refund, on a current basis, the outstanding Community Development Agency of the

City of King Tax Allocation Subordinate Revenue Bonds, Series 1998 (King City Redevelopment Project) (Monterey County, California) (the "1998 Bonds"); (b) funding a reserve fund for the Bonds, and (c) paying the costs of issuing the Bonds.

Pursuant to an escrow agreement (the "Escrow Agreement"), by and between the Successor Agency and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), provision will be made for the redemption of the 1998 Bonds in full on \_\_\_\_\_, 2016, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to such date.

*2. Private Placement; Bonds Constitute Investment of Purchaser.*

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Bonds to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds.

(b) The Purchaser is acquiring the Bonds for its own account and not with a view to, or for sale in connection with, any distribution thereof or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of the Bonds *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the Bonds in accordance with the provisions of the Indenture. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the Bonds. The Purchaser has required as a condition to the purchase of the Bonds that no application be made for the assignment of CUSIP numbers or to make the Bonds DTC eligible.

(c) As a sophisticated investor, the Purchaser has made its own credit inquiry and analysis with respect to the Successor Agency and the Bonds and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the Successor Agency set forth in the Indenture and in the information set forth in any materials submitted to the Purchaser by the Successor Agency. The Successor Agency has furnished to the Purchaser all the information which the Purchaser, as a reasonable investor, has requested of the Successor Agency as a result of the Purchaser having attached significance thereto in making its investment decision with respect to the Bonds, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Successor Agency and the Bonds. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the Bonds.

(d) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933 or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the Bonds and to execute any instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein on behalf of the Purchaser.

(f) The Purchaser acknowledges that the Bonds are transferable with certain requirements, as described in the Indenture.

(g) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Successor Agency has not undertaken to provide any continuing disclosure with respect to the Bonds but that the Successor Agency has agreed to provide other ongoing information to the Purchaser as set forth in Paragraph 9 hereof, the Indenture and in the Purchaser's terms and conditions, dated \_\_\_\_\_, 2016, accepted by the Successor Agency on \_\_\_\_\_, 2016, an executed copy of which is attached hereto as Exhibit B (the "Terms and Conditions").

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

(a) The Successor Agency is a public body, corporate and politic, organized and 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 has the full right, power and authority (i) to enter into the Indenture, the Escrow Agreement and this Bond Purchase Agreement, (ii) to issue, sell and deliver the Bonds to the Purchaser 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.

(c) 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 this Bond Purchase Agreement, the Escrow Agreement and the Indenture, and (ii) 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.

(d) Neither the execution and delivery by the Successor Agency of the Indenture, the Escrow Agreement, 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 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.

(e) 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 to the Purchaser; 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 otherwise specifically disclosed to the Purchaser.

(f) Except as otherwise specifically disclosed to the Purchaser, 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 this Bond Purchase Agreement, the Escrow Agreement or the Indenture, or which, in any way, could adversely affect the validity or enforceability of the Indenture, the Escrow Agreement, the Bonds 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.

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

(h) 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.

(i) The Bonds shall not be registered or otherwise qualified under any Blue Sky or other securities laws.

(j) 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.

(k) 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 Purchaser.

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

(m) As of the time of acceptance hereof and as of the Closing Date, except as otherwise specifically disclosed to the Purchaser, the Successor Agency has complied with the filing requirements of sections 33080 to 33080.6 and with Sections 33334.2, 33334.3 and 33334.6 of the Redevelopment Law.

(n) The Oversight Board has duly adopted the Oversight Board Resolution and no further Oversight Board approval or consent is required for the issuing of the Bonds.

(o) No further Department of Finance approval or consent is required for the issuance of the Bonds. The Successor Agency has received its Finding of Completion from the Department of Finance.

5. *Covenant of the Successor Agency.* The Successor Agency covenants with the Purchaser as of the Closing Date that 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 the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the 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 Purchaser (the "Closing Date"), the Successor Agency will deliver or cause to be delivered the Bonds to the Purchaser, and the Successor Agency shall deliver or cause to be delivered to the Purchaser 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 8 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 Quint & Thimmig LLP, in Larkspur, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the Successor Agency and the Purchaser. Such delivery is herein called the "Closing."

The Bonds will be prepared and physically delivered to the Purchaser on the Closing Date in the form of a separate single fully registered bond. The Bonds will be authenticated by the Trustee in accordance with the terms and provisions of the Indenture.

The Purchaser 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.

7. *Closing Conditions.* The obligations of the Purchaser 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) all terms and conditions contained in the Terms and Conditions have been complied with to the Purchaser's satisfaction;

(b) 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;

(c) as of the Closing Date, there shall have been no material adverse change in the financial condition of the Successor Agency;

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

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

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

(ii) a copy of the Escrow Agreement, as duly executed and delivered by the Successor Agency and the Escrow Bank;

(iii) an opinion of Bond Counsel, in form acceptable to the Purchaser, dated the Closing Date and addressed to the Successor Agency, with a reliance letter addressed to the Purchaser;

(iv) 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 this Bond Purchase Agreement, the Escrow Agreement or the Indenture, and consummation of such transactions; and (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, the Escrow Agreement and this Bond Purchase Agreement;

(v) an opinion of counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Purchaser 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 full legal power and lawful authority to enter into the Indenture, the Escrow Agreement and this Bond Purchase Agreement;

(C) the Successor Agency Resolutions 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 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 Indenture, the Escrow Agreement 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; and

(D) Except as otherwise specifically disclosed to the Purchaser, 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 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 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 or this Bond Purchase Agreement;

(vi) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the Successor Agency and the Purchaser, 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;

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

(A) The Escrow Bank 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 Escrow Agreement;

(B) The Escrow Agreement has been duly authorized, executed and delivered by the Escrow Bank and the Escrow Agreement constitutes a legal, valid and binding obligation of the Escrow Bank 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 Escrow Bank that has not been obtained is or will be required for the execution and delivery of the Escrow Agreement or the consummation of the transactions contemplated by the Escrow Agreement;

(viii) 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;

(ix) a certificate, dated the Closing Date, of the Escrow Bank, signed by a duly authorized officer of the Escrow Bank, to the effect that (A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake the trust of the Escrow Agreement; (B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of the trust of the Escrow Agreement; 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 Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreement, or which would affect the validity or enforceability of the Escrow Agreement, or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreement, or any other agreement, document or certificate related to such transactions;

(x) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Successor Agency and the Purchaser, to the effect that:

(A) this Bond Purchase Agreement has been duly authorized, executed and delivered by the Successor Agency and, assuming the valid execution and delivery by the Purchaser, is valid and binding upon the Successor Agency, subject to the laws relating to bankruptcy, insolvency, reorganization of creditors' rights generally and to the application of equitable principles;

(B) the Bonds are exempt from registration pursuant to Section 3(a)(2) of the Securities Act of 1933, as amended, and the Indenture are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(xi) an Arbitrage Certificate in the form satisfactory to Bond Counsel;

(xii) certified copies of the Successor Agency Resolutions and the Oversight Board Resolution;

(xiii) evidence of the bond approval from the Department of Finance and the Finding of Completion from the Department of Finance;

(xiv) the specimen Bond;

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

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

(xvii) a defeasance opinion of Bond Counsel with respect to the 1998 Bonds, dated the Closing Date and addressed to the Successor Agency, the Trustee, the Escrow Bank and the Purchaser, in form and substance satisfactory to the Purchaser;

(xviii) A certificate of Urban Futures, Incorporated (the "Municipal Advisor"), dated the date of the Closing, confirming satisfaction of the savings requirements set forth in section 34177.5(a) of the Dissolution Act and that the Savings Parameters have been achieved, as required by Oversight Board Resolution; and

(xix) such additional legal opinions, certificates, instruments and other documents as the Purchaser 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 and the Terms and Conditions.

9. *Termination.* The Purchaser shall have the right 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 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 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 Purchaser, 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, is 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, 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

(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 Purchaser, would materially adversely affect the market for or market price of the Bonds; or

(d) 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 Purchaser, would materially adversely affect the market for or market price of the Bonds; or

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

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

(g) 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

(h) 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 Purchaser; or

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

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

11. *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 Purchaser or the Successor Agency and shall survive the Closing Date.

12. *Expenses.* 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, the fees and disbursements of the the Trustee, the Placement Agent, the Municipal Advisor, Bond Counsel, counsel to the Successor Agency and counsel to the Purchaser, the fees and expenses of the Successor Agency's accountants and fiscal consultants. In the event this Bond Purchase Agreement shall terminate because of the default of the Purchaser, the Successor Agency will, nevertheless, pay, or cause to be paid, all of the expenses specified above. The Purchaser shall pay all expenses incurred by it in connection its purchase of the Bonds other than the fees and expenses of its counsel.

13. *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 of the City of King on behalf of the Successor Agency, 212 South Vanderhurst Avenue, King City, CA 93930, and any notice or other communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing to Mr. James Manning, Senior Vice President, BBVA Compass, 2850 E. Camelback Road, Suite 140, Phoenix, AZ 85016.

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

15. *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.

16. *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.

17. *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.

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

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

Very truly yours,

COMPASS MORTGAGE CORPORATION,  
an Alabama corporation, as Purchaser

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Accepted and agreed to as of  
the date first above written:

SUCCESSOR AGENCY TO THE COMMUNITY  
DEVELOPMENT AGENCY OF THE CITY OF  
KING

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Acknowledged:

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, as Placement Agent

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

[Successor Agency to the Community Development Agency of the City of King  
Tax Allocation Refunding Bonds, Series 2016]

**EXHIBIT A TO THE  
BOND PURCHASE AGREEMENT**

\$ \_\_\_\_\_  
**SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING  
(Monterey County, California)  
Tax Allocation Refunding Bonds, Series 2016**

**MATURITY SCHEDULE**

Maturity Date (September 1)	Principal Amount	Interest Rate
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**REDEMPTION PROVISIONS**

*Optional Redemption.* The Bonds are not subject to optional redemption prior to September 1, \_\_\_\_\_. The Bonds are subject to redemption, at the option of the Successor Agency on any date on or after September 1, \_\_\_\_, as a whole or in part, by lot, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

*Sinking Fund Redemption.* The Bonds are also subject to mandatory sinking fund redemption in part by lot on September 1, \_\_\_\_, and on each September 1 thereafter, to and including September 1, \_\_\_\_, from Mandatory Sinking Account Payments made by the Successor Agency at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Redemption Date (September 1)	Principal Amount
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† Maturity.

**EXHIBIT B TO THE  
BOND PURCHASE AGREEMENT  
TERMS AND CONDITIONS**

Successor Agency to Community Development Agency  
of the City of King  
Tax Allocation Refunding Bonds,  
Series 2016

4

PLACEMENT AGENT AGREEMENT

March 1, 2016

Successor Agency to Community Development Agency of the City of King  
c/o City of King  
212 South Vanderhurst Avenue  
King City, California 93930

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the "Placement Agent"), acting on its own behalf and not as a fiduciary or agent of any other party, offers to enter into the following agreement (this "Agreement") with the Successor Agency to Community Development Agency of the City of King (the "Successor Agency"), which, upon acceptance by the Successor Agency, will be binding upon the Successor Agency and the Placement Agent. Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Indenture, dated as of March 1, 2016, by and between the Successor Agency and U.S. Bank National Association, as trustee.

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

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

(i) The Successor Agency hereby appoints the Placement Agent to act, and the Placement Agent hereby agrees to act, as the exclusive placement agent for the Successor Agency in connection with the private sale of its Tax Allocation Refunding Bonds, Series 2016 (the "Bonds"), and the Placement Agent hereby accepts such appointment.

The Bonds shall be issued in the principal amount and shall bear interest at the rate set forth in the Indenture, and shall be issued in fully registered form, in the authorized denominations of at least \$100,000 and any integral multiple of \$5,000 thereof. The Bonds shall bear interest payable from the date thereof and such interest shall be payable on each February 1 and August 1, commencing August 1, 2016.

As compensation for its services hereunder, the Placement Agent shall charge a fee equal to \$\_\_\_\_\_. At the closing of any such sale, the Successor Agency shall pay or cause to be paid such fee to the Placement Agent by wire transfer or immediately available funds. The above fee does not include any services the Placement Agent may render in the future to the Successor Agency with respect to any offering or placement of municipal securities other than the Bonds.

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

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

(iv) The Indenture shall contain provisions limiting transfers of the Bonds to Qualified Institutional Buyers. “Qualified Institutional Buyer” means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”); (2) an “accredited investor” as defined in Sections 501(a)(1) through (3) or (7) of Regulation D promulgated under the Securities Act; or (3) a trust partnership, custodial arrangement or similar entity, interests in which are offered and sold in private placement or limited offering only to Qualified Institutional Buyers or Accredited Investors. In addition, the face of each Bond shall contain a legend to the effect that such Bond can only be sold to Approved Institutional Buyers.

The Placement Agent shall, on a “best efforts” basis, make offers and placements of the Bonds solely to persons whom it reasonably believes to be Approved Institutional Buyers (each such purchaser herein referred to as a “Purchaser”) and shall deliver to the Successor Agency a completed and duly executed Investor Letter substantially in the form attached to the Indenture as Exhibit B. There is no assurance that any or all of the Bonds will be sold, and the Placement Agent is under no obligation to purchase any of the Bonds on its own behalf or on behalf of others.

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

(vi) The Successor Agency acknowledges and agrees that (i) arranging for Approved Buyers to purchase the Bonds pursuant to this Agreement is an arm’s-length commercial transaction between the Successor Agency and the Placement Agent, (ii) in connection with such

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

(vii) The Placement Agent has tentatively placed the bonds with Compass Mortgage Corporation.

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

(i) the Successor Agency is, and will be at the Delivery Date, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California with full power and authority to observe and perform the covenants and agreements set forth in this Agreement and the Indenture;

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

(iii) by official action of the Oversight Board of the Successor Agency, prior to or concurrently with the acceptance hereof, the Oversight Board of the Successor Agency (a) has duly adopted a resolution authorizing and approving the issuance of the Bonds and approving the Successor Agency resolution adopted in connection with the Bonds and (b) such Oversight Board resolution is in full force and effect and has not been amended or supplemented as of the date hereof;

(iii) the execution and delivery of this Agreement and the Indenture and compliance with the provisions on the Successor Agency's part contained herein do not and will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, statute, indenture, mortgage, deed of trust, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or by which the Successor Agency is bound;

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

(v) The Successor Agency represents that the Bonds are exempt from registration pursuant to Section 3(a)(2) of the United States Securities Act of 1933, as amended (the "Act"); and

(vi) The Successor Agency agrees promptly from time to time to take such action as the Placement Agent may reasonably request to qualify, if such qualification is necessary, the Bonds for offering and sale as a private placement under the securities laws of such states as the Placement Agent may reasonably request, and the Successor Agency further agrees to comply with such laws so as to permit such offers and sales. Any fees and costs in connection with such qualification shall be borne by the Placement Agent.

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

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

**5. Notices.** Any notice or other communication to be given to any of the parties to this Agreement may be given by delivering the same in writing as follows: to the Successor Agency at the address listed above, Attention: Executive Director and to the Placement Agent at Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, CA 94104, Attention: Mr. Ralph J. Holmes, Managing Director.

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

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

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

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

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

[Remainder of page intentionally left blank.]

[Signature page for Placement Agent Agreement  
Successor Agency to Community Development Agency of the City of King  
Tax Allocation Refunding Bonds, Series 2016]

Very truly yours,

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED

By: \_\_\_\_\_  
\_\_\_\_\_  
Managing Director

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

SUCCESSOR AGENCY TO COMMUNITY  
DEVELOPMENT AGENCY OF THE CITY  
OF KING

By: \_\_\_\_\_  
\_\_\_\_\_  
Executive Director of the Successor Agency