

I, Wendell Naraghi, Chair of the Designated Local Authority, as Successor Agency for the Riverbank Redevelopment Agency, hereby call a Special Meeting of the Riverbank Designated Local Authority pursuant to California Government Code Section 54956. The Special Meeting will be held Wednesday, November 7, 2018 at 10:00 am at the City Hall South Conference Room, 6617 Third Street, Riverbank, California 95367-2305. The purpose of the special meeting is to discuss or transact the business set forth below.

The Agenda for special meetings is posted at least 24 hours prior to each meeting outside of the Riverbank City Hall and is available at each meeting. The Agenda and related reports are also available at the Riverbank City Clerk's Office and are available on the Designated Local Authority's website at www.kosmont.com. Any writing distributed within 24 hours of the meeting will be made available to the public by placing it with the City Clerk at the time it is distributed to the Designated Local Authority.

**DESIGNATED LOCAL AUTHORITY
RIVERBANK CITY HALL SOUTH
CONFERENCE ROOM
6617 THIRD STREET
RIVERBANK CA 95367-2305**

SPECIAL MEETING

AGENDA

WEDNESDAY, NOVEMBER 7, 2018 – 10:00 AM

CALL TO ORDER: CHAIR WENDALL NARAGHI

**ROLL CALL: Chair Wendell Naraghi
Vice Chair Walter Schmidt
Treasurer Paul Baxter**

CONFLICT OF INTEREST

Declaration by Board Members who would have a direct Conflict of Interest on any scheduled item to be considered should be stated at this time.

1. PUBLIC BUSINESS FROM THE FLOOR (No action can be taken.)

At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the Board.

2. ACTION ITEMS:

Item 2.1: Approval of the October 9, 2018 Meeting Minutes

Recommendation: Approval by Roll Call Vote.

Item 2.2: Resolution 2018-002 Approving Amended and Restated Bylaws.

Recommendation: Approve by Roll Call Vote Resolution 2018-002, a Resolution of the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, Approving Amended and Restated Bylaws.

Item 2.3: Election of Officers – Chair, Vice Chair, Treasurer and appointment of Secretary.

Recommendation: Receive Nominations and Approve by Roll Call Vote.

Item 2.4: Resolution 2018-003 Approving a Conflict of Interest Code.

Recommendation: Approval by Roll Call Vote Resolution 2018-003, a Resolution of the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, approving a Conflict of Interest Code.

Item 2.5: Resolution 2018-004 Approving the Issuance of Bonds to Refund Delinquent Tax Allocation Bonds.

Recommendation: Approve by Roll Call Vote, Resolution 2018-004, a Resolution of the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency approving the forms of, and the authorizing the execution and delivery of, documents relating to the issuance and sale of Series 2019 Tax Allocation Refunding Bonds (Riverbank Redevelopment Project) to refinance certain outstanding bonds of the former Redevelopment Agency of the City of Riverbank, requesting Oversight Board approval of the issuance of the refunding bonds, requesting certain determinations by the Oversight Board, and providing for other related matters.

Item 2.6: Resolution 2018-005 Approving an Engagement Letter for Audit Services.

Recommendation: Approve by Roll Call Vote Resolution 2018-005, a Resolution of the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, approving an Engagement Letter with Clendenin Bird & Company for Audit Services Pursuant to Health and Safety Code Section 34177.3(b).

3. COMMENTS (Informational Only – No action to be taken)

Item 3.1: Consultant Comments.

Item 3.2: Board Comments.

ADJOURNMENT

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AFFIDAVIT OF POSTING			
DATE:	November 6, 2018	TIME:	9:00AM
NAME:	Marisela H. Garcia	TITLE:	Director of Finance

Notice Regarding Americans with Disabilities Act:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (209) 863-7122. Notification 48-hours before the meeting will enable the Board to make reasonable arrangements to ensure accessibility to this meeting [28 CFR 35.102.35.104 ADA Title II].

Notice Regarding Non-English Speakers:

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the Designated Local Authority shall be in English and anyone wishing to address the Board is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

Any documents, not privileged or of a closed session, produced by DLA consultants and distributed to a majority of the DLA Board regarding any item on this agenda will be made available at South City Hall, 6617 Third Street, Riverbank, CA.

AGENDA ITEM 2.1**RIVERBANK DESIGNATED LOCAL AUTHORITY
SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY****MINUTES****TUESDAY, OCTOBER 9, 2018****CALL TO ORDER:**

The Riverbank Designated Local Authority (RDLA) met this date at 10:03 a.m., in the Riverbank City Hall South Conference Room, 6617 Third Street, Riverbank, California, and was called to order by Chair Naraghi.

Present: *Chair Wendell Naraghi
Treasurer Paul Baxter*

Absent: *Vice Chair Walter Schmidt*

Also in Attendance: *Chris Jicha, Kosmont Companies
Dan Massiello, Kosmont Companies (via phone)
Mark Persico, Kosmont Companies (via phone)*

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CONFLICT OF INTEREST

No conflict was declared.

1. PUBLIC BUSINESS FROM THE FLOOR

There was no public business from the floor.

2. ACTION ITEMS

Item 2.1: Approval of the January 16, 2018 Special Meeting Minutes

By a vote of 2-0, the January 16, 2018 Special Meeting minutes were approved. The motion was made by Treasurer Baxter with a second by Chair Naraghi.

Item 2.2: Update on Restructuring of Delinquent Tax Allocation Bonds

Chris Jicha, Kosmont Companies, introduced this item to the Board with the assistance of Dan Massiello and Mark Persico via phone.

Mr. Jicha presented the DLA with correspondence received from Ilan Fersht, investor of the Riverbank Redevelopment Agency 2007 Bonds, which is hereby incorporated as Exhibit A to these Minutes.

AGENDA ITEM 2.1

Mr. Massiello presented a power point presentation regarding the potential restructuring of the 2007 Series A and Series B Bonds to the DLA, which is hereby incorporated as Exhibit B to these Minutes.

Treasurer Baxter introduced a motion to proceed with the refunding proposal as submitted and authorize Treasurer Baxter to represent the DLA at the Countywide Oversight Board Meeting to present such proposal. The motion was seconded by Chair Naraghi. By a vote of 2-0 the motion was approved.

The DLA set a Special Meeting date for November 7, 2018 and Treasurer Baxter was asked to reach out to the County Auditor Controller (staff to the Oversight Board) to schedule a special meeting for a date between November 13-15 with the Oversight Board.

3. INFORMATIONAL ITEMS

There were no informational items.

4. COMMENTS

Item 4.1: Consultant Comments

No comments.

Item 4.2: Board Comments

No comments.

There being no further business, Chair Naraghi adjourned the meeting at 11:16 a.m.

Respectively Submitted,

***Marisela H. Garcia, Secretary
Riverbank Designated Local Authority***

Attachments: Exhibit A – Correspondence from Ilan Fersht
Exhibit B – Power point presentation from Kosmont Companies

September 27, 2018

City of Riverbank RDA DLA and
Oversight Board

Dear ladies and gentlemen,

I am a current bond holder of several bonds issued by the Riverbank RDA in 2007. The bonds have been in default for several years. Bondholders have been getting their interest for the past 2 years and the trustee has paid all past due interest and a portion of principal over the same period.

As a holder of bonds that should have been paid off already (2014, 2016), I remain injured by the default. I have been expecting to receive my investment back and have postponed plans for the use of those funds.

Based on the plan the trustee is following, it will be many more years before I get my investments back. I see no other way but to appeal to you to resolve the default.

Based on information I have compiled from public records and information available from the trustee, I am aware that circumstances in the redevelopment area have changed. The amount of funds available to pay debt service have more than doubled. In addition, rates are lower than the rates paid on the existing bond and the amount of principal outstanding is lower.

Therefore, by refunding this issue you will not only resolve the default but will save money and have funds available to other entities that were to benefit from the tax collection.

I have a great deal of experience in the Municipal Bond Market. Most RDAs have refunded their debt to take advantage of lower rates. Please consider doing the same in this instance. Not just to save money but to help keep the promise made to the investors.

Thank you for your consideration.

Ilan Fersht
818-857-7862

Riverbank DLA

Evaluation of Potential Restructuring Opportunity

\$12,315,000

**RIVERBANK REDEVELOPMENT AGENCY
(STANISLAUS COUNTY, CALIFORNIA)
RIVERBANK REINVESTMENT PROJECT
TAX ALLOCATION BONDS
(2007 SERIES A)**

\$3,120,000

**RIVERBANK REDEVELOPMENT AGENCY
(STANISLAUS COUNTY, CALIFORNIA)
RIVERBANK REINVESTMENT PROJECT
TAX ALLOCATION HOUSING SET-ASIDE BONDS
(2007 SERIES B)**

Kosmont Companies



October 9, 2018

*****CONFIDENTIAL*****

- **Overview**
- **Current Status**
- **Options**
- **Analysis**
- **Recommendations and Next Steps**

- ❑ **The Riverbank Redevelopment Agency (“Former RDA”) was dissolved on February 1, 2012, along with all redevelopment agencies throughout the State**
- ❑ **The Riverbank Designated Local Authority (“DLA”) has become the Successor Agency to the Former RDA**
 - The DLA is charged with unwinding the business affairs of the Former RDA
 - The DLA is charged with protecting the interests of the taxing entities who have lost property tax revenues to the Former RDA and now DLA (“Affected Taxing Entities” or “ATEs”)
- ❑ **The 2007 A & B Tax Allocation Bonds (“TABs”) have been in “default” since 2012**
 - The value of real property in the project area decreased substantially after the 2008 Recession, due largely to so-called “Prop. 8 Reductions” in assessed values by the County Assessor
 - Reduced assessed values caused Tax Increment Revenues (“TI”) from the project area to be insufficient to make debt service payments
- ❑ **The ATEs have not been receiving any TI because there isn’t enough TI to pay debt service and “pass-through” TI payments to the ATEs**
- ❑ **Market values of real property in the project area have recovered substantially over the past few years**
- ❑ **Current interest rates remain near all-time lows**
- ❑ **If TI is adequate and interest rates are low enough, may be possible to restructure 2007 TABs to get TABs out of default and Pass-Trough TI Revenues to the ATEs**

- ❑ **The TABs remain in default**
- ❑ **Trustee is operating as if TABs are “accelerated”**
 - All maturities of TABs, whether or not payment was defaulted, are immediately due and payable
 - Trustee has “first pledge and lien” on TI
 - The Trustee effectively subsumes all TI payments to repay bond holders
- ❑ **Without an established payment schedule, the DLA can’t file a “Last and Final ROPS”**
 - Last and Final ROPS requires predictable, predetermined repayment of obligations
 - Because Trustee captures all TI Revenue, there is no ability to know future repayment schedule
 - Without filing Last and Final ROPS, DLA cannot cease operations as desired by its Board
- ❑ **Until all TABs are fully repaid, there will be no TI available to distribute to ATEs**
 - de facto “acceleration” has also had the effect of no pass-through payments going to ATEs
 - It could take as many as 10 or more years before ATEs see any TI Revenues
- ❑ **The Department of Finance (DOF) has expressed an interest in seeing these TABs restructured, enabling TI to flow to the ATEs**
- ❑ **Kosmont has identified an investment bank and bond lawyers willing to work with the DLA on a “contingent” basis to restructure the TABs**

Do nothing

- Trustee continues to sequester all net TI
- No TI passed through to ATEs for years to come
- Can't file last and final ROPS and close down DLA

Issue new TABs to restructure old TABs

- Current credit issue would require a private placement
 - *Investment banks have expressed interest in buying the TABs, but still need to “underwrite”*
- If TI is high enough and rates are low enough, TI could again flow to ATEs as soon as this tax year
- Restructuring debt service to a level repayment structure is more equitable for taxpayers and ATEs
- Predetermined repayment schedule would enable filing of Last and Final ROPS

- Trustee continues to sequester all TI and repay bondholders on an accelerated basis**
 - Repaying loan faster will reduce overall interest costs
- Projections indicate accelerated repayment approach can take as long as 12 years to fully extinguish 2007 TABs**
- DLA cannot file Last and Final ROPS until TABs are fully extinguished or default is cured**
- No TI (pass-throughs) will flow to any ATE, including City of Riverbank and local schools, until TABs are completely repaid**
- After TABs are repaid, all allocation of TI will stop and tax base will return to “normal”**
 - 1% tax rate will be divided per “AB 8” allocations

Estimated Future Cash Flow
No Refunding, Acceleration of TABs, No AV Growth

Bond Yr. Ending	Projected Tax Incr. Rev	Trustee Fees	Approx. Interest @ 4.85%	Avail to Pay Principal	Principal Payments	New Principal Balance	Total Annual Payments	Residual RPTTF
8/1/2019	660,000	7,500	286,756	365,744	365,744	11,459,256	660,000	0
8/1/2020	1,320,000	7,650	555,774	756,576	756,576	10,702,680	1,320,000	0
8/1/2021	1,320,000	7,803	519,080	793,117	793,117	9,909,563	1,320,000	0
8/1/2022	1,320,000	7,959	480,614	831,427	831,427	9,078,136	1,320,000	0
8/1/2023	1,320,000	8,118	440,290	871,592	871,592	8,206,544	1,320,000	0
8/1/2024	1,320,000	8,281	398,017	913,702	913,702	7,292,842	1,320,000	0
8/1/2025	1,320,000	8,446	353,703	957,851	957,851	6,334,991	1,320,000	0
8/1/2026	1,320,000	8,615	307,247	1,004,138	1,004,138	5,330,853	1,320,000	0
8/1/2027	1,320,000	8,787	258,546	1,052,666	1,052,666	4,278,187	1,320,000	0
8/1/2028	1,320,000	8,963	207,492	1,103,545	1,103,545	3,174,642	1,320,000	0
8/1/2029	1,320,000	9,142	153,970	1,156,887	1,156,887	2,017,755	1,320,000	0
8/1/2030	1,320,000	9,325	97,861	1,212,814	1,212,814	804,941	1,320,000	0
8/1/2031	1,320,000	9,512	39,040	1,271,449	804,941	0	853,493	466,507
8/1/2032	1,320,000	0	0	1,320,000	0	0	0	1,320,000
8/1/2033	1,320,000	0	0	1,320,000	0	0	0	1,320,000
8/1/2034	1,320,000	0	0	1,320,000	0	0	0	1,320,000
8/1/2035	1,320,000	0	0	1,320,000	0	0	0	1,320,000
8/1/2036	1,320,000	0	0	1,320,000	0	0	0	1,320,000
8/1/2037	1,320,000	0	0	1,320,000	0	0	0	1,320,000
	24,420,000	110,102	4,098,390		11,825,000	78,590,391	16,033,493	8,386,507

Note: 2019 represents 6 months

Analysis – Do Nothing (cont.)

Estimated Future Cash Flow
 No Refunding, Acceleration of TABs, 2% Annual AV Growth

Bond Yr. Ending	Projected Tax Incr. Rev.	Trustee Fees	Approx. Interest @ 4.85%	Avail to Pay Principal	Principal Payments	New Principal Balance	Total Annual Payments	Residual RPTTF
8/1/2019	660,000	7,500	286,756	365,744	365,744	11,459,256	660,000	0
8/1/2020	1,346,400	15,300	555,774	775,326	775,326	10,683,930	1,346,400	0
8/1/2021	1,373,328	15,606	518,171	839,551	839,551	9,844,379	1,373,328	0
8/1/2022	1,400,795	15,918	477,452	907,424	907,424	8,936,955	1,400,795	0
8/1/2023	1,428,810	16,236	433,442	979,132	979,132	7,957,823	1,428,810	0
8/1/2024	1,457,387	16,561	385,954	1,054,871	1,054,871	6,902,952	1,457,387	0
8/1/2025	1,486,534	16,892	334,793	1,134,849	1,134,849	5,768,103	1,486,534	0
8/1/2026	1,516,265	17,230	279,753	1,219,282	1,219,282	4,548,821	1,516,265	0
8/1/2027	1,546,590	17,575	220,618	1,308,398	1,308,398	3,240,424	1,546,590	0
8/1/2028	1,577,522	17,926	157,161	1,402,435	1,402,435	1,837,989	1,577,522	0
8/1/2029	1,609,073	18,285	89,142	1,501,645	1,501,645	336,343	1,609,073	0
8/1/2030	1,641,254	18,651	16,313	1,606,291	336,343	0	371,307	1,269,948
8/1/2031	1,674,079	0	0	1,674,079	0	0	0	1,674,079
8/1/2032	1,707,561	0	0	1,707,561	0	0	0	1,707,561
8/1/2033	1,741,712	0	0	1,741,712	0	0	0	1,741,712
8/1/2034	1,776,546	0	0	1,776,546	0	0	0	1,776,546
8/1/2035	1,812,077	0	0	1,812,077	0	0	0	1,812,077
8/1/2036	1,848,319	0	0	1,848,319	0	0	0	1,848,319
8/1/2037	1,885,285	0	0	1,885,285	0	0	0	1,885,285
	29,489,537	193,681	3,755,330		11,825,000	71,516,975	15,774,011	13,715,526

Note: 2019 represents 6 months

- ❑ **Current low rates and general lack of “supply” of municipal bonds have created an environment that is favorable for the DLA to restructure the 2007 TABs**
 - Lack of supply creates more demand, driving prices up and yields (interest rates) down
- ❑ **Successfully restructuring the Defaulted TABs would enable filing of Last and Final ROPS**
- ❑ **Successfully restructuring the Defaulted TABs would start TI Pass-Through Revenues flowing to ATEs as soon as the end of this fiscal year**
- ❑ **Privately placing a restructuring TAB would relieve the DLA of updating its SEC 15c2-12 Annual Disclosure information**
 - Refunding 2007 TABs would cancel current Continuing Disclosure Agreement
 - Private placement will not require new CDA
 - Investors will still need audited financial statements
- ❑ **Kosmont has identified an Investment bank interested in working to sell the DLA’s restructured TABs on a “private placement” basis**
 - “Underwriting” needs to be performed to see if there is a deal to be made, but there is interest
- ❑ **Interest rates are rising; delay could eliminate this opportunity**

Estimated Future Cash Flow
With Refunding, No AV Growth

Bond Yr. Ending	Estimated Tax Incr. Rev	Trustee Fees	Estimated P&I	Total Annual Payments	Residual RPTTF
8/1/2019	660,000	5,000	505,168	510,168	149,833
8/1/2020	1,320,000	5,100	1,035,435	1,040,535	279,465
8/1/2021	1,320,000	5,202	1,033,903	1,039,105	280,896
8/1/2022	1,320,000	5,306	1,031,380	1,036,686	283,314
8/1/2023	1,320,000	5,412	1,032,868	1,038,280	281,720
8/1/2024	1,320,000	5,520	1,033,118	1,038,638	281,362
8/1/2025	1,320,000	5,631	1,032,130	1,037,761	282,239
8/1/2026	1,320,000	5,743	1,034,905	1,040,648	279,352
8/1/2027	1,320,000	5,858	1,036,195	1,042,053	277,947
8/1/2028	1,320,000	5,975	1,036,000	1,041,975	278,025
8/1/2029	1,320,000	6,095	1,034,320	1,040,415	279,585
8/1/2030	1,320,000	6,217	1,031,155	1,037,372	282,628
8/1/2031	1,320,000	6,341	1,031,505	1,037,846	282,154
8/1/2032	1,320,000	6,468	1,035,123	1,041,591	278,409
8/1/2033	1,320,000	6,597	1,031,760	1,038,357	281,643
8/1/2034	1,320,000	6,729	1,031,665	1,038,394	281,606
8/1/2035	1,320,000	6,864	1,034,590	1,041,454	278,546
8/1/2036	1,320,000	7,001	1,035,288	1,042,289	277,711
8/1/2037	1,320,000	7,141	1,033,758	1,040,899	279,101
	24,420,000	114,203	19,110,263	19,224,465	5,195,535

Note: 2019 represents 6 months



Estimated Future Cash Flow
With Refunding, 2% Annual AV Growth

Bond Yr. Ending	Estimated Tax Incr. Rev.	Trustee Fees	Estimated P&I	Total Annual Payments	Residual RPTTF
8/1/2019	660,000	5,000	505,168	510,168	149,833
8/1/2020	1,346,400	5,100	1,035,435	1,040,535	305,865
8/1/2021	1,373,328	5,202	1,033,903	1,039,105	334,224
8/1/2022	1,400,795	5,306	1,031,380	1,036,686	364,109
8/1/2023	1,428,810	5,412	1,032,868	1,038,280	390,531
8/1/2024	1,457,387	5,520	1,033,118	1,038,638	418,749
8/1/2025	1,486,534	5,631	1,032,130	1,037,761	448,774
8/1/2026	1,516,265	5,743	1,034,905	1,040,648	475,617
8/1/2027	1,546,590	5,858	1,036,195	1,042,053	504,537
8/1/2028	1,577,522	5,975	1,036,000	1,041,975	535,547
8/1/2029	1,609,073	6,095	1,034,320	1,040,415	568,658
8/1/2030	1,641,254	6,217	1,031,155	1,037,372	603,882
8/1/2031	1,674,079	6,341	1,031,505	1,037,846	636,233
8/1/2032	1,707,561	6,468	1,035,123	1,041,591	665,970
8/1/2033	1,741,712	6,597	1,031,760	1,038,357	703,355
8/1/2034	1,776,546	6,729	1,031,665	1,038,394	738,152
8/1/2035	1,812,077	6,864	1,034,590	1,041,454	770,623
8/1/2036	1,848,319	7,001	1,035,288	1,042,289	806,030
8/1/2037	1,885,285	7,141	1,033,758	1,040,899	844,386
	29,489,537	114,203	19,110,263	19,224,465	10,265,072

Note: 2019 represents 6 months

- Authorize moving forward on refunding proceedings**
- Engage Financial Advisor (FA)**
- FA will engage Bond Attorney and Underwriter on behalf of DLA and handle all proceedings to be brought before DLA Board for consideration**
- Authorize CPA to audit DLA's historical and current financial statements**
- Underwriter can then begin canvassing potential investors**
- Bond Attorney can then draft minimum documentation required to have Oversight Board and DOF consider approval of refunding action**
- Get approval package to DOF as soon as practicable to capture current interest rates**

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Pro forma forecasts and analyses are projections only; actual results could differ substantially from those expressed in this Analysis.

Discussions or descriptions of potential financial tools that may be available to the DLA are included for informational purposes only and are not intended to be to be “advice” within the context of this Analysis.

Municipal Advisory activities are conducted through Kosmont Companies’ affiliate, Kosmont Realty Corp. dba Kosmont Transaction Services, which is registered as a Municipal Advisor with the SEC and MSRB.

**REPORT TO THE RIVERBANK DESIGNATED LOCAL AUTHORITY,
AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY**

TO: DESIGNATED LOCAL AUTHORITY MEMBERS

FROM: MARK PERSICO, STAFF TO THE DLA

DATE: NOVEMBER 7, 2018

**SUBJECT: RESOLUTION OF THE RIVERBANK DESIGNATED LOCAL AUTHORITY, AS
SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY
APPROVING AMENDED AND RESTATED BYLAWS**

BACKGROUND

The Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency (“DLA”), was established by statute to take actions to wind down the affairs of the former Riverbank Redevelopment Agency in accordance with the California Health and Safety Code.

The DLA previously adopted Bylaws on February 17, 2015, to address the authority and mission of the board, public participation, election of officers, and regular meeting time and location.

DISCUSSION

Over the past six years, the DLA has been meeting regularly to wind down operations of the former Redevelopment Agency. The Board has made significant progress toward wrapping up the activities of the former Redevelopment Agency. The Board will need to continue to meet on a semiannual basis, primarily to approve the Recognized Obligation Payment Schedule (ROPS), unless and until the DLA files a last and final ROPS pursuant to Health & Safety Code Section 34191.6. Thereafter, until the DLA can be dissolved in accordance with the Health and Safety Code, the DLA will be required to meet as necessary to comply with applicable law.

The amended and restated bylaws, among other things, sets regular meetings on the second Tuesday in December and August at 10:00AM.

RECOMMENDATION

It is recommended that the Riverbank Designated Local Authority, acting as Successor Agency to the Riverbank Redevelopment Agency, adopt Resolution No. 2018-002 approving amended and restated bylaws.

Attachments:

1. Resolution No. 2018-002
2. Exhibit A

RESOLUTION NO. 2018-002**A RESOLUTION OF THE RIVERBANK DESIGNATED LOCAL AUTHORITY,
AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT
AGENCY, APPROVING AMENDED AND RESTATED BYLAWS**

WHEREAS, the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency (the "DLA"), has been established to take actions to wind down the affairs of the former Redevelopment Agency of the City of Riverbank in accordance with the provisions of the Health & Safety Code.

WHEREAS, the DLA previously adopted bylaws and it now desires to amend and restate its bylaws for the general operation of the DLA.

**NOW, THEREFORE, THE RIVERBANK DESIGNATED LOCAL AUTHORITY,
AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY,
DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

SECTION 1 All previous Bylaws adopted by the DLA are hereby repealed and replaced through adoption of this Resolution.

SECTION 2. The Amended and Restated Bylaws of the DLA attached hereto and incorporated herein as Exhibit "A", are hereby approved.

SECTION 3. If any section, subsection, sentence, clause, or phrase of this Resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this Resolution. The Board hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared invalid.

SECTION 4. This Resolution shall be effective in accordance with applicable law.

PASSED, APPROVED AND ADOPTED at a special meeting of the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, held this 7th day of November, 2018 by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Chairperson, Riverbank Designated Local Authority, as Successor Agency to the Redevelopment Agency of the City of Riverbank

ATTEST:

Secretary

Attachment: Exhibit A – Amended and Restated Bylaws

(RESOLUTION NO. 2018-002 – EXHIBIT A)

**AMENDED AND RESTATED BYLAWS OF THE
RIVERBANK DESIGNATED LOCAL AUTHORITY**

(November 2018)

Section 1.0 Name of the Designated Local Authority

The name of the Designated Local Authority shall be the “Riverbank Designated Local Authority” abbreviated as the Riverbank DLA.

Section 1.1 Governing Board

The Governing Board (the “Board”) of the Riverbank DLA shall consist of three members (the “Members”), each of whom shall be residents of the County of Stanislaus and appointed by the Governor of the State of California.

Section 1.2 Mission

The mission of the Board shall be to implement the provisions of AB1X26 now codified in Health and Safety Code Section 33500 *et seq.* (“Redevelopment Dissolution Law”) as may be amended.

Section 1.3 Business Office

The principal business office of the Riverbank DLA shall be: Riverbank City Hall, unless and until changed by a majority of the Board.

Section 1.4 Riverbank DLA Officers

At a minimum, Board Officers shall consist of the Chairperson, the Vice Chairperson, and Treasurer. Officers shall be elected from among the Members of the Riverbank DLA.

The Chairperson shall appoint a Secretary, who may be either a Board member or contractor of the Riverbank DLA. The Chairperson and/or Board may appoint such other officers (permanent, acting, or temporary) as may be appropriate.

Section 1.5 Terms of Officers

The term of each office shall be two years from the date of election or appointment, as applicable. Should any of the offices of the Chairperson, Vice Chairperson, or Treasurer become vacant, the Board shall elect a successor for the unexpired term at the next Board meeting. Board members shall hold such offices until successors are elected and assume office.

The Secretary shall serve until a replacement is appointed. Should the Secretary position become vacant, the Chairperson shall appoint a successor at the next available meeting.

Section 1.6 Duties of Officers

The Chairperson shall preside at the Board meetings and perform such other duties as are appropriate.

The Vice Chairperson, in the absence of the Chairperson, shall perform the duties of the Chairperson. Should the office of the Chairperson become vacant, the Vice Chairperson shall perform the duties of the Chairperson until the Board Members elect a new Chairperson.

The Treasurer shall work with DLA staff to oversee financial matters for the Board. Should the office of Treasurer become vacant, the Chair or Vice Chair shall assume the duties until a new Treasurer is elected.

The Secretary shall keep and maintain records of the Board, the Riverbank DLA and minutes of the Board meetings. The Secretary shall give written notice of Board meetings whenever such notices are required by these bylaws or by State law. The Secretary shall also perform all other duties incident to the office of Secretary.

Section 1.7 Compensation of Officers

Members shall not be compensated for their service as members of the Board, however members may be reimbursed their travel expenses incurred in the discharge of their duties in accordance with these bylaws. Reimbursement shall be consistent with the amounts contained in the most recent California Department of Finance Travel Policy. Furthermore, reimbursement shall only occur if the Riverbank DLA has available administrative cost allowance funds,.

Section 1.8 Appointment of Agents

The Board may from time-to-time establish such positions and select and engage such counsels and agents, permanent and temporary, as may be required. The Board shall also determine agent qualifications, duties and compensation.

Section 1.9 Compensation of Agents

The Board shall fix and determine the compensation of all Board counsels and agents, in accordance with Health and Safety Code section 34177.

Section 1.10 Authority to bind the Riverbank DLA

No Member, officer, agent or employee of the Board, without specific or general authority by a vote of the Members, shall have any power or authority to bind the Riverbank DLA by any contract, to pledge its credits, or to render it liable for any purpose in any amount.

Section 1.11 Contracts, Deeds and Other Documents

The Board Chair shall execute on behalf of the Riverbank DLA all contracts, deeds and other documents and instruments as authorized by the Board and as authorized by Redevelopment

Dissolution Law. Nothing contained herein shall prohibit the Chair from authorizing any other officer or employee of the Board to so execute such documents and instruments.

Section 1.12 Payment of Money, Notes or Other Indebtedness

All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of or payable to the Board shall be signed or endorsed by such person or persons and in such manner as from time-to-time shall be determined by the Board.

Section 1.13 Regular Meetings

The Board shall hold regular meeting the second Tuesday in August and December at 10:00 AM at Riverbank City Hall South, 6617 Third Street, Riverbank, CA 95367. The Board may also adjourn a Regular meeting to a stated time and place other than a regular meeting date.

Section 1.14 Special Meetings

A special meeting may be called at any time by the Chairperson. Such notice must be delivered to the Board members by electronic mail at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such meetings by the Board.

Section 1.15 Closed Sessions

Nothing contained in these bylaws shall prevent the Board from holding closed sessions during a regular or special meeting concerning any matter permitted by law to be legally considered in a closed session.

Section 1.16 Public Hearings

All public hearings held by the Board shall be held during regular, adjourned or special meetings of the Board.

Section 1.17 Adjourning and Continuing Meetings and Public Hearings to Other times or Places

The Board may continue or adjourn any meeting to a time and place specified in the order of adjournment. When a regular continued, or adjourned regular meeting is continued or adjourned as provided in this section, the resulting continued or adjourned regular meeting is a regular meeting for all purposes.

Section 1.18 Meetings to be Open and Public

All meetings of the Board to take action or to deliberate matters concerning the Board's or the Riverbank DLA's business shall be open and public. All persons shall be permitted to attend any such meetings except as otherwise provided or permitted by law and these Bylaws. All meetings

shall be publically noticed and conducted in compliance with the Ralph M. Brown Act (Gov't. Code §§ 5490 *et seq.*) ("the Brown Act").

Section 1.19 Quorum

Two Members of the Board shall constitute a quorum for the purpose of conducting its business, exercising its powers and for all other legal purposes. At a meeting at which there is a quorum present, a unanimous vote of the Members present is required to pass a motion before the Board.

Section 1.20 Public Comment Period

All regular, adjourned and special meetings shall provide for an opportunity for the public to address the Board. The Chair shall establish rules regarding public participation.

Section 1.21 Order of Business

California State Law, these Bylaws, any rules established by the Board regarding public participation and Robert's Rules of Order, in that order of precedence, will be the authority for all questions on procedure at any meetings of the Board.

Section 1.22 Amendment of the Bylaws

The Bylaws may be amended by majority vote of the Members. The proposed amendment shall be submitted in writing to all Members at least three (3) days prior to the meeting where the vote is scheduled.

Adopted at a Special Meeting on November 7, 2018:

Signed:

Attest:

Print Name

Print Name

Secretary

Chairperson
Riverbank DLA

**REPORT TO THE RIVERBANK DESIGNATED LOCAL AUTHORITY,
AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY**

TO: DESIGNATED LOCAL AUTHORITY MEMBERS
FROM: MARK PERSICO, STAFF TO THE DLA
DATE: NOVEMBER 7, 2018
**SUBJECT: RESOLUTION OF THE RIVERBANK DESIGNATED LOCAL AUTHORITY, AS
SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY
APPROVING A CONFLICT OF INTEREST CODE**

BACKGROUND

The Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency (“DLA”), was established by statute to take actions to wind down the affairs of the former Riverbank Redevelopment Agency in accordance with the California Health and Safety Code.

The DLA previously adopted a Conflict of Interest Code (“COIC”) pursuant the Political Reform Act of 1974 (“Political Reform Act”) and regulations promulgated thereunder by the Fair Political Practices Commission (“FPPC”). The FPPC considers the DLA to be a local public agency subject to the Political Reform Act. A local public agency is required to adopt a conflict of interest code and update it biannually.

DISCUSSION

The FPPC rules require that County Clerk be the code reviewing body for necessary statement of economic interest filings. The attached conflict of interest code, among other things, clarifies which members of the DLA are required to file financial disclosure statements and with what body, and under which category pursuant to FPPC requirements.

RECOMMENDATION

It is recommended that the Riverbank Designated Local Authority, acting as Successor Agency to the Riverbank Redevelopment Agency, adopt Resolution No. 2018-003 approving a conflict of interest code.

Attachment:

Resolution No. 2018-003

RESOLUTION NO. 2018-003**A RESOLUTION OF THE RIVERBANK DESIGNATED LOCAL AUTHORITY,
AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT
AGENCY, APPROVING A CONFLICT OF INTEREST CODE**

WHEREAS, the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency (the "DLA"), has been established to take actions to wind down the affairs of the former Riverbank Redevelopment Agency in accordance with the provisions of the Health & Safety Code; and

WHEREAS, the DLA is deemed a local public agency for the purpose of the Political Reform Act; and

WHEREAS, pursuant to the Political Reform Act of 1974 and regulations promulgated thereunder by the Fair Political Practices Commission ("FPPC"), a local public agency is required to adopt a conflict of interest code and update it biannually; and

WHEREAS, the Riverbank Designated Local Authority previously adopted its conflict of interest code, and it is now necessary to update it as required.

**NOW, THEREFORE, THE RIVERBANK DESIGNATED LOCAL AUTHORITY,
AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY,
DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

SECTION 1 All previous Conflict of Interest Codes adopted by the DLA are hereby repealed and replaced by the Conflict of Interest Code attached hereto.

SECTION 2. The Conflict of Interest Code attached hereto as Exhibit "A" is hereby approved.

SECTION 3. If any section, subsection, sentence, clause, or phrase of this Resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this Resolution. The Board hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared invalid.

SECTION 4. This Resolution shall be effective in accordance with applicable law.

PASSED, APPROVED AND ADOPTED at a special meeting of the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, held this 7th day of November, 2018 by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Chairperson, Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency

ATTEST:

Secretary, Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency

Attachment: Exhibit A – Conflict of Interest Code

(Resolution No. 2018-003 – Exhibit A)**CONFLICT OF INTEREST CODE****Riverbank Designated Local Authority, as Successor Agency to the Riverbank
Redevelopment Agency**

The Political Reform Act, Government Code section 81000 et seq., requires local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs., § 18730) which contains the terms of a standard Conflict of Interest Code, which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings.

The terms of California Code of Regulations, Title 2, Section 18730, and any amendment to it duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference as the Conflict of Interest Code for the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency (“DLA”), and along with the attached Exhibit A, which designates positions requiring disclosure and Exhibit B, which sets forth disclosure categories for each designated position, constitute the Conflict of Interest Code of the DLA. Persons holding positions designated in Exhibit A shall file Form 700 Statements of Economic Interests with the Filing Officer specified for that position in Exhibit A.

IN PREPARING THE FORM 700, DESIGNATED FILERS NEED ONLY DISCLOSE THOSE FINANCIAL INTERESTS FALLING WITHIN THE DISCLOSURE CATEGORIES DESIGNATED FOR THAT FILER’S POSITION AS STATED IN EXHIBITS A AND B.

APPROVED AND ADOPTED this 7th day of November, 2018:

By: _____
 Print Name: Wendell Naragi
 Title: Chairperson, Riverbank Designated Local
 Authority, as Successor Agency to the Riverbank
 Redevelopment Agency

Attest:

By: _____
 Secretary, Riverbank Designated Local Authority, as Successor Agency to the
 Riverbank Redevelopment Agency

EXHIBIT A – DESIGNATED POSITIONS AND FILING OFFICERS

# of POSITIONS	POSITION TITLE	DISCLOSURE CATEGORIES (From Exhibit B)	FILING OFFICER (Designate County Clerk of Board [COB] or Local Agency's Clerk [AC])
3	DLA Board Member	1	COB
2	DLA General Counsel	1	COB
1	DLA Secretary	1	COB
Consultants ¹			

¹ The disclosure, if any, required of a consultant will be determined on a case-by-case basis by the head of the agency or designee. The determination of whether a consultant has disclosure requirements should be made in writing on a Fair Political Practices Commission Form 805. The determination should include a description of the consultant's duties and based upon that description, a statement of the extent, if any, of the disclosure requirements. Each Form 805 is a public record and should be retained for public inspection either in the same manner and location as the Conflict of Interest Code, or with appropriate documentation at the location where the Conflict of Interest Code is maintained, cross-referencing to the Form 805.

EXHIBIT B – DISCLOSURE CATEGORIES

The terms *italicized* below have specific meaning under the Political Reform Act. In addition, the financial interests of a spouse, domestic partner and dependent children of the public official holding the designated position may require reporting. Consult the instructions and reference pamphlet of the Form 700 for explanation.

Category 1 – BROADEST DISCLOSURE

[SEE FORM 700 SCHEDULES A-1, A-2, B, C, D and E]

- (1) All sources of *income, gifts, loans and travel payments*;
- (2) All *interests in real property*; and
- (3) All *investments and business positions in business entities*.

Category 2 – REAL PROPERTY

[SEE FORM 700 SCHEDULE B]

All interests in real property, including interests in real property held by business entities and trusts in which the public official holds a business position or has an investment or other financial interest.

Category 3 – LAND DEVELOPMENT, CONSTRUCTION AND TRANSACTION

[SEE FORM 700 SCHEDULES A-1, A-2, C, D and E]

All investments, business positions and sources of income, gifts, loans and travel payments, from sources which engage in land development, construction, or real property acquisition or sale.

Category 4 – PROCUREMENT

[SEE FORM 700 SCHEDULES A-1, A-2, C, D and E]

All investments, business positions and sources of income, gifts, loans and travel payments, from sources which provide services, supplies, materials, machinery or equipment which the designated position procures or assists in procuring on behalf of their agency or department.

Category 5 – REGULATION AND PERMITTING

[SEE FORM 700 SCHEDULES A-1, A-2, C, D and E]

All investments, business positions and sources of income, gifts, loans and travel payments, from sources which are subject to the regulatory, permitting or licensing authority of, or have an application or license pending before, the designated position's agency or department.

Category 6 – FUNDING

[SEE FORM 700 SCHEDULES A-1, A-2, C, D and E]

All investments, business positions and sources of income, gifts, loans and travel payments, from sources which receive grants or other funding from or through the designated position's agency or department.

**APPENDIX - DESIGNATING OFFICIALS WHO
MANAGE PUBLIC INVESTMENTS**

Pursuant to Government Code section 87200 et seq., certain city and county officials, as well as all “other officials who manage public investments,” are required to disclose their economic interests in accordance with the Political Reform Act. This Appendix provides the relevant definitions for determining which public officials qualify as “other officials who manage public investments,” designates the agency’s positions which qualify as such, and states the Filing Officer for each designated position.

APPLICABLE DEFINITIONS

As set forth in 2 California Code of Regulations section 18701, the following definitions apply for the purposes of Government Code section 87200:

(1) “Other public officials who manage public investments” means:

(A) Members of boards and commissions, including pension and retirement boards or commissions, or of committees thereof, who exercise responsibility for the management of public investments;

(B) High-level officers and employees of public agencies who exercise primary responsibility for the management of public investments, such as chief or principal investment officers or chief financial managers. This category shall not include officers and employees who work under the supervision of the chief or principal investment officers or the chief financial managers; and

(C) Individuals who, pursuant to a contract with a state or local government agency, perform the same or substantially all the same functions that would otherwise be performed by the public officials described in subdivision (1)(B) above.

(2) “Public investments” means the investment of public moneys in real estate, securities, or other economic interests for the production of revenue or other financial return.

(3) “Public moneys” means all moneys belonging to, received by, or held by, the state, or any city, county, town, district, or public agency therein, or by an officer thereof acting in his or her official capacity, and includes the proceeds of all bonds and other evidences of indebtedness, trust funds held by public pension and retirement systems, deferred compensation funds held for investment by public agencies, and public moneys held by a financial institution under a trust indenture to which a public agency is a party.

(4) “Management of public investments” means the following non-ministerial functions: directing the investment of public moneys; formulating or approving investment policies; approving or establishing guidelines for asset allocations; or approving investment transactions.

DESIGNATED POSITIONS AND FILING OFFICERS

Based on the foregoing, the following agency positions and/or consultants qualify as “other officials who manage public investments” and shall file Statements of Economic Interests (Form 700) pursuant to Government Code section 87200 et seq. with the below-designated Filing Officers:

# of POSITIONS	POSITION TITLE/CONSULTANT	FILING OFFICER (Designate County Clerk of Board [COB] or Local Agency’s Clerk [AC])
N/A		

**REPORT TO THE RIVERBANK DESIGNATED LOCAL AUTHORITY,
AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY**

TO: DESIGNATED LOCAL AUTHORITY MEMBERS

FROM: MARK PERSICO, STAFF TO THE DLA

DATE: NOVEMBER 7, 2018

SUBJECT: RESOLUTION OF THE RIVERBANK DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY, APPROVING THE FORMS OF, AND AUTHORIZING THE EXECUTION AND DELIVERY OF, DOCUMENTS RELATING TO THE ISSUANCE AND SALE OF SERIES 2019 TAX ALLOCATION REFUNDING BONDS (RIVERBANK REDEVELOPMENT PROJECT) TO REFINANCE CERTAIN OUTSTANDING BONDS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF RIVERBANK, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND PROVIDING FOR OTHER MATTERS RELATING THERETO

PURPOSE OF STAFF REPORT

The purpose of this Staff Report is to recommend adoption of a resolution approving the refunding of the 2007 Riverbank Reinvestment Project Tax Allocation Bonds (Series A) and the Riverbank Reinvestment Tax Allocation Housing Set-Aside Bonds (Series B) and update the Designated Local Authority on the required statutory approval process and the steps required to complete the recommended refunding.

BACKGROUND

Previously, the Redevelopment Agency of the City of Riverbank ("Former Agency") issued two series of bonds: 2007 Riverbank Reinvestment Project Tax Allocation Bonds (Series A) in the aggregate original principal amount of \$12,315,000, and the Riverbank Reinvestment Tax Allocation Housing Set-Aside Bonds (Series B) in the aggregate original principal amount of \$3,120,000 (together "the 2007 Bonds") in order to finance certain redevelopment activities within the Former Agency's Riverbank Reinvestment Project ("Project Area"). The current outstanding principal amount of the Bonds is \$11,824,999.97.

The 2007 Bonds are currently in default. The DLA issued a Material Event Notice on August 1, 2012 indicating an "unscheduled draw on debt service reserves reflecting financial difficulties." The last full payment of principal and interest was on August 1, 2012. Because the Bonds are in default, the trustee of the 2007 Bonds, US Bank (Trustee), has accelerated payments, meaning the entire amount of the outstanding 2007 Bonds is currently due and payable. Under acceleration the Trustee captures 100% of the Tax Increment Revenues (TI) that flow through the Redevelopment Property Tax Trust Fund (RPTTF) to make debt service payments, leaving no TI available to remit statutory

tax sharing payments (Passthroughs) or to be disbursed as residual TI to the affected taxing entities (ATEs).

Subsequent to the dissolution of California redevelopment agencies in 2012, Assembly Bill 1484 ("AB 1484") was passed on June 27, 2012 permitting successor agencies to refund (refinance) outstanding bonds of former redevelopment agencies, based upon several conditions. A successor agency has the power and authority under Health and Safety Code Section 34177.5(2):

"For the purposes of issuing bonds or other indebtedness to finance debt service spikes, including balloon maturities, providing that (A) the existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, and (B) the principal amount of the bonds or indebtedness shall not exceed the amount required to finance debt service spikes, including establishing customary debt service reserves and paying related costs of issuance."

The DLA directed staff to investigate and evaluate a potential refunding of the 2007 Bonds which would establish a fixed and level debt payment schedule of the same term (length) as originally established for 2007 Bonds (i.e. August 1, 2037). Pursuant to State Law, a proposed refunding of 2007 Bonds must be authorized by the Successor Agency and approved by the Oversight Board (OB). After adoption of the attached Resolution by the DLA, the DLA action will be submitted to the OB, which will then consider a resolution similar to the one attached hereto. If approved by the OB, the approvals package will be submitted to the State Department of Finance (DOF) for its approval. By law, DOF has five days to act or request a 60-day extension to review; DOF typically takes close to the allowed 65 days.

Staff believes that DOF will grant its approval of this action as there is a State interest in returning residual RPTTF to the ATEs. If approved, the refunding transaction could close as early as the first quarter of 2019.

DISCUSSION

Because the Bonds remain in default and because the ATEs agreed to have their rights to receive Pass-through payments subordinated to the rights of the 2007 Bondholders to receive principal and interest payments, 100% of TI is captured by the Trustee for the payment of Trustee fees and expenses, and interest on and accelerated principal payments of the 2007 Bonds. As a result, ATEs are not receiving Passthrough payments nor is there any residual TI available to distribute. Additionally, there is no ability for the DLA to pay for its own operations and there is no ability to file a last and final ROPS pursuant to Health & Safety Code Section 34191.6. As long as the 2007 Bonds remain in default, the ATEs will not receive any TI from the RPTTF until the 2007 Bonds are paid in full.

One of the purposes of dissolving former redevelopment agencies throughout California was to reduce the amount of local tax revenues that were being diverted away from local ATEs. Under the current circumstance, the Riverbank ATEs receive no more than the exact amount of the tax levy they received from the property within the Project Area than they received in the base year of 2006. This means that the value (spending power) of that tax levy has been declining over time and the ATEs are effectively losing tax revenues each year they receive no Passthrough or residual TI payments. A successful refunding the 2007 Bonds would result in the resumption of Passthrough payments and potentially additional payments of residual TI to the ATEs as early as next summer.

A successful refunding of the 2007 Bonds would return the term of debt repayment to its originally scheduled final maturity of 2037 and to a level repayment structure. The 2007 Bond payments were structured such that future growth in TI from increasing property values and would be used to repay the 2007 Bonds while sharing some of the growth with the ATEs so they would not be encumbered with a static tax revenue base over the life of the 2007 Bonds. However, with the decline in the property tax base after the Great Recession, the TI from the project area all but disappeared and the 2007 Bonds went into default. To make matters worse, the ATEs were told in 2007 that if they agreed to subordinate their right to receive Passthrough payments to the repayment of the 2007 Bonds, that it was unlikely that their receipt of TI would not be impacted. Now, with the recovery of Property Value in the project areas, it is the 2007 Bondholders that are benefitting by receiving payment for their bonds, whether or not defaulted or matured, as fast as the Trustee can capture TI from the RPTTF.

When compared to an accelerated repayment schedule of the defaulted 2007 Bonds, the interest cost over time is greater when repaying the current balance with a level debt service structure (similar to repaying a mortgage on a home more rapidly than required), but this is at the expense of the ATEs receiving no Passthrough or residual TI payments. This is not what the ATEs agreed to over 10 years ago when they had an opportunity to reject the request to subordinate but relied on the information they were provided at the time, that their receipt of Passthrough payments would still be received after paying the 2007 Bonds.

The DLA's Financial Advisor has run repayment projections using assumptions under the current scenario of acceleration and if there is a successful refunding of the 2007 Bonds (attached). Under the current no refunding, accelerated payment schedule whereby all the TI is used to pay off the 2007 Bonds as rapidly as possible, it is estimated they will be fully retired by 2025. As mentioned, the ATEs will receive no Passthrough or residual TI payments during that time. Additionally, there will be no available RPTTF for the DLA to support its own operation costs and a Last & Final ROPS cannot be filed. If, however, the 2007 Bonds are successfully refunded, an estimated aggregate TI of over \$1 million will be available in the RPTTF as early as the end of the current 2018-19 Fiscal Year for redistribution, whether in the form of Passthrough or residual TI payments. This amount is projected to increase over time in direct correlation with any future growth in the assessed

value of the Project Area. In addition, the establishment of a fixed debt payment schedule would allow the DLA to file a Last & Final ROPS.

However, in either event, the DLA must remain in existence until such time as any bonds are fully paid. Under the current acceleration imposed by the Trustee, the DLA could be eligible to dissolve in 2025 according to the projected accelerated repayment schedule for the defaulted 2007 Bonds. This will come at the cost of no cashflow whatsoever to the ATEs. If the 2019 Refunding Bonds are successfully issued, the ATEs will enjoy substantially increased TI payments and the DLA would continue to exist, albeit in a much more “streamlined” form after filing a Last & Final ROPS, through 2037.

Method of Sale: There are two common methods of selling municipal bonds: public offerings and private placements. Which approach to utilize depends on a variety of factors including the security, structure, size, term and creditworthiness of the bonds, and general ability to access the market based on these and other factors.

Public Offering: Under this approach, bonds are offered for sale in the public capital markets to a broad base of potential investors. The securities markets of the United States are well-regulated; therefore, this approach requires a lot of disclosure of the potential risks to investors and may not be appropriate for bond issues that carry a high degree of perceived risk.

Private Placement: This approach involves selling the refunding bonds to a limited number of “sophisticated” investors. Unlike members of the general public, these investors meet certain legal definitions to be considered experts at assessing financial risk and are therefore deemed capable of taking on greater levels of risk associated with a potential investment and not in need of disclosure regulations to protect them.

Successor Agency staff, in consultation with its financial advisor and bond counsel, determined that a private placement is the method of selling the proposed 2019 Refunding Bonds that will most likely have successful results for numerous reasons, primarily: (i) the DLA is out of compliance with its continuing disclosure requirements under the 2007 Bonds and the time and expense of remedying that situation are untenable; (ii), due to the defaulted status of the 2007 Bonds, it is unlikely that the DLA will have adequate access to the public capital markets due to perceived lack of creditworthiness of the potential Refunding Bonds.

FISCAL IMPACT

Assuming the refunding is approved and the sale of the 2019 Refunding Bonds closes, no Successor Agency administrative allowance (which is currently paid directly by the California Department of Finance) or other monies will be expended in connection with this Refunding. All costs are paid from proceeds of the refunding transaction and will not be counted against the administrative cost allowance.

The ATEs are expected to receive their pass-through and residual payments starting this fiscal year in an aggregate amount of approximately \$1,019,273. Furthermore, the Successor Agency will start paying its own administrative expenses from the RPTTF. Attached to this report is a comparison of the “do nothing – no refunding” versus “refunding” summary of the debt service.

FINANCING DOCUMENTS

The attached Resolution authorizes the execution and delivery of various Financing Documents, including an Indenture and Escrow Agreements. Attached hereto are draft forms of each such Financing Document, which may be modified prior to execution by authorized Successor Agency staff, as necessary.

RECOMMENDATION

It is recommended that the Riverbank Designated Local Authority, acting as Successor Agency to the Redevelopment Agency of the City of Riverbank, adopt Resolution No. 2018-004, a Resolution of the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, Approving the Forms of, and authorizing the Execution and Delivery Of, Documents Relating to the Issuance and Sale of Series 2019 Tax Allocation Refunding Bonds (Riverbank Redevelopment Project) to Refinance Certain Outstanding Bonds of the Former Riverbank Redevelopment Agency, Requesting Oversight Board Approval of the Issuance of the Refunding Bonds, Requesting Certain Determinations by the Oversight Board, and Providing for Other Matters Relating Thereto

Attachments:

1. Resolution 2018-004
2. No Refunding v. Refunding Cost Scenarios
3. Indenture of Trust (Draft – February 1, 2019)
4. Escrow Agreement (Draft – February 1. 2019)

RESOLUTION NO. 2018 -004

A RESOLUTION OF THE RIVERBANK DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY APPROVING THE FORMS OF, AND THE AUTHORIZING THE EXECUTION AND DELIVERY OF, DOCUMENTS RELATING TO THE ISSUANCE AND SALE OF SERIES 2019 TAX ALLOCATION REFUNDING BONDS (RIVERBANK REDEVELOPMENT PROJECT) TO REFINANCE CERTAIN OUTSTANDING BONDS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF RIVERBANK, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND PROVIDING FOR OTHER MATTERS RELATING THERETO

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 Redevelopment Agency of the City of Riverbank (the “Former Agency”) has been dissolved and no longer exists as a public body, corporate and politic and the Riverbank Designated Local Authority was formed in accordance with Section 34173(d)(3) of the Code to serve as the Successor Agency (“Successor Agency”) to the Former Agency; and

WHEREAS, 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 Health and Safety Code of the State (the “Law”); and

WHEREAS, pursuant to Section 34179, an oversight board (the “Oversight Board”) has been duly established for the Successor Agency; and

WHEREAS, a redevelopment plan for a redevelopment project known and designated as the Riverbank Redevelopment Project (the “Redevelopment Project”) was adopted and approved in compliance with all requirements of the Law; and

WHEREAS, in order to finance redevelopment and low and moderate income housing activities within and for the benefit of the Redevelopment Project, the Former Agency, prior to the dissolution, issued its (i) Riverbank Redevelopment Agency, Riverbank Reinvestment Project, Tax Allocation Bonds (2007 Series A) (the “Series 2007A Bonds”), and (ii) Riverbank Redevelopment Agency, Riverbank Reinvestment Project, Tax Allocation Housing Set-Aside Bonds (2007 Series B) (the “Series 2007B Bonds,” and together with the Series 2007A Bonds, the “Prior Bonds”), which Prior Bonds remain currently outstanding; and

WHEREAS, the Series 2007A Bonds were issued pursuant to an Indenture of Trust (the “Series 2007A Indenture”), dated as of February 1, 2007, by and between the Former Agency and the trustee named thereunder (the “Prior Trustee”), and the Series 2007B Bonds were issued pursuant to an Indenture of Trust (the “Series 2007B Indenture,” and together with the Series

2007A Indenture, the 2007 Indentures”), dated as of February 1, 2007, by and between the Former Agency and the Prior Trustee; and

WHEREAS, due to nonpayment of the Prior Bonds when due, the Prior Trustee has declared the principal of the Prior Bonds, together with the accrued interest thereon, to be due and payable immediately, and as a result, pursuant to Article IX of the Prior Bond Documents, all of the Tax Revenues (as defined in the Prior Bond Documents) and all sums in the funds and accounts established and held by the Prior Trustee under the Prior Bond Documents, and all sums thereafter received by the Prior Trustee thereunder, is currently being applied by the Prior Trustee, first, to pay the fees, costs and expenses of the Prior Trustee, and second, to pay the whole amount then owing and unpaid upon the Prior Bonds for principal and interest, with interest on the overdue principal and installments of interest at the rate borne by such Prior Bonds (to the extent that such interest on overdue installments shall have been collected), and in case such moneys are insufficient to pay in full the whole amount so owing and unpaid upon Prior 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, or any Prior Bond over any other Prior Bond, ratably to the aggregate of such principal and interest, thereby creating a debt service spike in connection with the repayment of the Prior Bonds (the “Debt Service Spike”); and

WHEREAS, other taxing entities have been affected by the loss of tax revenue due to the establishment of the Redevelopment Project within their taxing jurisdictions (the “Affected Taxing Entities”) and the subsequent allocation of tax increment away from the Affected Taxing Entities and to the Former Agency and now the Successor Agency; and

WHEREAS, due to the nonpayment of the Prior Bonds when due and the declaration by the Prior Trustee that the principal of the Prior Bonds, together with the accrued interest thereon, are immediately due and payable, the Affected Taxing Entities no longer receive any residual tax increment nor tax sharing payments as required by applicable law and will not receive any such residuals or tax sharing payments unless and until the Prior Bonds are paid in full; and

WHEREAS, refunding the Prior Bonds will remedy the circumstance where the Affected Taxing Entities only receive a fixed amount of annual tax revenues derived by their respective portions of the general property taxes levied against the base year value of real property within the Redevelopment Project by enabling the payments of statutory tax sharing payments in addition to the distribution of any residual tax increment remaining in the Redevelopment Property Tax Trust Fund after making debt service payments and paying any administrative costs and other enforceable obligations of the Successor Agency; and

WHEREAS, in order to file a Last and Final Recognized Obligation Payment Schedule, the Successor Agency must have a future Recognized Obligations that are fixed in nature, which is not the case under the current circumstance of nonpayment of the Prior Bonds when due and the declaration by the Prior Trustee that the principal of the Prior Bonds, together with the accrued interest thereon, are immediately due and payable; and

WHEREAS, Section 34177.5(a)(2) allows for the restructuring of enforceable obligations “For the purpose of issuing bonds or other indebtedness to finance debt service spikes, including balloon maturities, provided that (A) the existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, and (B) the principal amount of the bonds or other indebtedness shall not exceed the amount required to finance the debt service spikes, including establishing customary debt service reserves and paying related costs of issuance;” and

WHEREAS, the Successor Agency desires to eliminate the Debt Service Spike and create substantially level debt service going forward by refunding the Prior Bonds, which will (i) enable to resumption of statutory tax sharing payments to the Affected Taxing Entities, (ii) reduce administrative costs and promote the timely winding down of its business affairs by filing a Last and Final Recognized Obligation Payment Schedule, and (iii) facilitate payment to the Affected Taxing Entities of any residual tax increment remaining in the Redevelopment Property Tax Trust Fund after making debt service payments and paying any administrative costs and other enforceable obligations of the Successor Agency; and

WHEREAS, accordingly, the Successor Agency wishes at this time to authorize the issuance of its Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency (Riverbank Redevelopment Project), Series 2019 Tax Allocation Refunding Bonds (the “Bonds”), pursuant to an Indenture of Trust (the “Indenture”), by and between the Successor Agency and the Trustee; and

WHEREAS, the Successor Agency is now requesting that the Oversight Board approve the issuance of the Bonds pursuant to this Resolution and the Indenture; and

WHEREAS, the Successor Agency further requests that the Oversight Board also make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Bonds; and

WHEREAS, following approval of the resolution by the Oversight Board (the “Oversight Board Resolution”) of the issuance of the Bonds by the Successor Agency, and upon submission of the Oversight Board Resolution to the California Department of Finance and approval thereby, the Successor Agency is authorized to and will, with the assistance of its consultants, cause to be prepared a form of and Offering Memorandum or Official Statement if necessary describing the Bonds, the Successor Agency, its Redevelopment Project, its continuing disclosure obligations (if any), and certain other information deemed material to an informed investment decision respecting the Bonds, the preliminary form of which will be submitted to the Successor Agency for approval at a later date for distribution by the Placement Agent or Underwriter, as the case may be, to persons and institutions interested in purchasing the Bonds, which form may be revised as necessary to carry out the purposes of this Resolution; and

WHEREAS, the Successor Agency wishes at this time to approve the form of various legal documents relating to the issuance and sale of the Bonds for the purpose of refunding the Prior Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, as follows:

Section 1. Recitals. The Board of Directors (the “Board”) of the Successor Agency hereby specifically finds and declares that each of the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. Elimination of Debt Service Spike. The Successor Agency has determined that it can eliminate the Debt Service Spike and create substantially level debt service going forward by issuing the Bonds to refund the Prior Bonds.

Section 3. Authorization and Approval of Bonds. The Successor Agency hereby authorizes and approves the issuance of the Bonds under the Law and the Refunding Bond Law in the aggregate principal amount of not to exceed \$15,000,000, for the purpose of providing for the refunding of the Prior Bonds; *provided that* (a) the Debt Service Spike is eliminated, (b) the issuance of the Bonds results in substantially level debt service going forward, and (c) the principal amount of the Bonds does not exceed the amount required to finance the Debt Service Spike, including establishing customary debt service reserves and paying related costs of issuance (the “Refunding Criteria”).

Section 4. Authorization of Sale. The Successor Agency hereby authorizes the sale of the Bonds by either (a) negotiated sale to an investment banking firm to be selected by either the Chairperson or Treasurer (Underwriter), as underwriter of the Bonds pursuant to a bond purchase contract for reoffering to the public, (b) private placement with a bank or other financial institution to be selected by either the Executive Director or Treasurer (Placement Agent), or (c) a combination of (a) and (b); provided that the Refunding Criteria is satisfied prior to issuance. The Chairperson or Treasurer are each individually hereby authorized to choose the method of sale and select the Underwriter or Placement Agent in consultation with the Municipal Advisor.

Section 5. Authorized Representatives. The Chairperson,, Treasurer, Secretary and any other person authorized by the Successor Agency to act on its behalf shall each be an “Authorized Representative” of the Successor Agency for the purposes of structuring and providing for the issuance of the Bonds, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the Successor Agency, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the issuance of the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions approved in this Resolution.

Section 6. Approval of Indenture. The Successor Agency hereby approves the Indenture in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein. The Authorized Representatives, each acting alone, are hereby authorized and directed to execute and deliver, and attest to, the Indenture for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Secretary, with such changes therein, deletions therefrom and additions thereto as an Authorized Representative shall approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. U.S. Bank

National Association is hereby appointed as Trustee. The Successor Agency hereby authorizes the delivery and performance of the Indenture.

Section 7. Approval of Escrow Agreement. The Successor Agency hereby approves the form of Escrow Agreement (the “Escrow Agreement”) by and between the Successor Agency and U.S. Bank National Association (the “Escrow Agent”), prescribing the terms and provisions for the prepaying and refunding of the Prior Bonds, in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein. The Authorized Representatives, each acting alone, are hereby authorized and directed to execute and deliver, and attest to the Escrow Agreement for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Secretary, with such changes therein, deletions therefrom and additions thereto as an Authorized Representative shall approve, such approval to be conclusively evidenced by the execution and delivery of the Escrow Agreement. U.S. Bank National Association is hereby appointed as Escrow Agent. The Successor Agency hereby authorizes the delivery and performance of the Escrow Agreement.

Section 8. Partial Invalidity. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency declares that its board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 9. Oversight Board Approval. The Successor Agency hereby requests the Oversight Board, as authorized by Section 34177.5(f), to direct the Successor Agency to undertake the refunding proceedings, and, as authorized by Section 34177.5(f) and Section 34180, to approve issuance of the Bonds pursuant to Section 34177.5(a)(2) this Resolution and the Indenture.

Section 10. Determinations by the Oversight Board. The Successor Agency hereby further requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and providing for the issuance of the Bonds:

(a) As provided in Section 34177.5(f) of the Code, the Successor Agency is authorized to recover its costs incurred in connection with the issuance of the Bonds from the proceeds of the Bonds.

(b) The application of proceeds of the Bonds to the prepayment and defeasance of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Bonds, as provided in Section 34177.5(a) of the Code, shall be implemented by the Successor Agency promptly upon sale and delivery of the Bonds, notwithstanding the provisions of Section 34177.3 of the Code or any other provision of law to the contrary, without the requirement for further approval from the Oversight Board, the California Department of Finance, the Stanislaus County Auditor-Controller or any other person or entity other than the Successor Agency.

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) of the Code without any deductions with respect to continuing costs related to the Bonds, such as legal fees, trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183 of the Code. In addition, and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings of the Bonds from such property tax revenues pursuant to Section 34183 upon repayment of the 2007 bonds without reduction in its Administrative Cost Allowance.

Section 11. Municipal Bond Insurance and Surety Bonds. The Authorized Representatives, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy for the Bonds and a reserve account surety bond for the Bonds from a municipal bond insurance company if it is determined, upon consultation with the Municipal Advisor and Underwriter, that such municipal bond insurance policy and/or surety bond will reduce the interest cost with respect to the Bonds.

Section 12. Approval of Offering Memorandum or Official Statement. Following approval by the Oversight Board of the issuance of the Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance and approval thereby, the Successor Agency will, with the assistance of its Bond Counsel, Disclosure Counsel, Fiscal Consultant and Municipal Advisor, cause to be prepared a form of Offering Memorandum or Official Statement for the Bonds, as necessary or applicable, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by Placement Agent or Underwriter, as applicable, to persons and institutions interested in purchasing the Bonds.

Section 13. Appointment of Consultants. The Successor Agency hereby appoints The Weist Law Firm to serve as Bond Counsel, Nixon Peabody to serve as Disclosure Counsel, Kosmont Realty Corporation doing business as Kosmont Transactions Services to serve as Municipal Advisor and Fiscal Consultant, and Stifel, Nicolaus & Company, Incorporated to serve as Underwriter or Placement Agent, as applicable, in connection with the issuance of Bonds. The Authorized Representatives, each acting alone, are authorized and directed to execute an agreement with each of such firms in substantially the respective forms on file with the Secretary, with such changes therein, deletions therefrom and additions thereto as an Authorized Representative same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. Leibold McClendon & Mann, P.C. is hereby approved and appointed as general counsel to the Successor Agency to provide such services and any other related services as may be required to issue the Bonds and to defease and/or refund the Prior Bonds.

Section 15. Filing of this Resolution. The Secretary of the Successor Agency is hereby authorized and directed to file a certified copy of this Resolution with the Oversight Board, and, as provided in section 34180(j) of the Code, with the Stanislaus County Administrative Officer, the Stanislaus County Auditor-Controller and the California Department of Finance.

Section 16. Official Actions. All actions heretofore taken by the officers and agents of the Successor Agency with respect to the issuance of the Bonds are hereby approved, confirmed and ratified. Each Authorized Representative 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, which they, or any of them, may deem necessary or advisable in obtaining the requested approvals by the Oversight Board and the California Department of Finance and in the issuance, sale and delivery of the Bonds, including execution and delivery of any and all assignments, certificates, requisitions, including requisitions for the payment of costs of issuance of the Bonds, agreements, including agreements in customary form providing for the investment of the proceeds of the Bonds, notices, consents, and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the sale, issuance and delivery of the Bonds and the prepayment and defeasance of the Prior Bonds. Whenever in this Resolution any officer of the Successor Agency is directed 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 designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 17. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption in accordance with applicable law.

PASSED, APPROVED AND ADOPTED at a special meeting of the Riverbank Designated Local Authority, as Successor Agency of the Riverbank Redevelopment Agency, held this 7th day of November, 2018 by the following vote:

AYES: Board Members

NOES: Board Members

ABSENT: Board Members

ABSTAIN: Board Members

ATTEST:

APPROVED:

Secretary, Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency

Chair, Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency

SECRETARY'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of **Resolution No. 2018 – 004**, passed and adopted at a special meeting of the Board of Directors of the Riverbank Designated Local Authority, as Successor Agency of the Redevelopment Agency of the City of Riverbank, Stanislaus County, California, held on the 7th day of November, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

Secretary, Riverbank Designated Local
Authority, as Successor Agency to the
Riverbank Redevelopment Agency

Estimated Impact to RPTTF

Do Nothing vs. Refund 2007 TABs

Assumes 2% Annual AV Growth

Estimated Future Cash Flow

No Refunding, Acceleration of TABs, 2% Annual AV Growth

Bond Yr. Ending	Projected Tax Incr. Rev.	Annual Net P&I	Estimated Trustee Fees	Total Annual Payments	ESTIMATED RESIDUAL RPTTF			
					Annual	PV @ 4.95%	2019-2024	
							Annual	PV
8/1/2019	2,109,895	2,099,895	10,000	2,109,895	0	0		
8/1/2020	2,152,093	2,141,893	10,200	2,152,093	0	0		
8/1/2021	2,195,135	2,184,731	10,404	2,195,135	0	0		
8/1/2022	2,239,037	2,228,425	10,612	2,239,037	0	0		
8/1/2023	2,283,818	2,272,994	10,824	2,283,818	0	0		
8/1/2024	2,329,495	2,318,454	11,041	2,329,495	0	0		
8/1/2025	2,376,084	655,067	11,262	666,329	1,709,756	1,279,498	Totals	
8/1/2026	2,423,606	0	0	0	2,423,606	1,728,164	1,709,756	1,279,498
8/1/2027	2,472,078	0	0	0	2,472,078	1,679,588		
8/1/2028	2,521,520	0	0	0	2,521,520	1,632,377		
8/1/2029	2,571,950	0	0	0	2,571,950	1,586,493		
8/1/2030	2,623,389	0	0	0	2,623,389	1,541,899		
8/1/2031	2,675,857	0	0	0	2,675,857	1,498,558		
8/1/2032	2,729,374	0	0	0	2,729,374	1,456,436		
8/1/2033	2,783,962	0	0	0	2,783,962	1,415,497		
8/1/2034	2,839,641	0	0	0	2,839,641	1,375,710		
8/1/2035	2,896,434	0	0	0	2,896,434	1,337,040		
8/1/2036	2,954,362	0	0	0	2,954,362	1,299,458		
8/1/2037	3,013,450	0	0	0	3,013,450	1,262,932		
	48,191,180	13,901,459	74,343	13,975,801	34,215,379	19,093,649		

Estimated Future Cash Flow

With Refunding, 2% Annual AV Growth

Bond Yr. Ending	Estimated Tax Incr. Rev.	Estimated P&I	Estimated Trustee Fees	Total Annual Payments	ESTIMATED RESIDUAL RPTTF			
					Annual	PV @ 4.95%	2019-2024	
							Annual	PV
8/1/2019	2,109,895	1,088,622	2,000	1,090,622	1,019,273	1,019,273		
8/1/2020	2,152,093	1,088,600	2,040	1,090,640	1,061,453	1,011,389		
8/1/2021	2,195,135	1,091,078	2,081	1,093,158	1,101,976	1,000,478		
8/1/2022	2,239,037	1,092,318	2,122	1,094,440	1,144,598	990,160		
8/1/2023	2,283,818	1,092,320	2,165	1,094,485	1,189,333	980,333		
8/1/2024	2,329,495	1,091,085	2,208	1,093,293	1,236,201	970,906		
8/1/2025	2,376,084	1,088,613	2,252	1,090,865	1,285,220	961,795	Totals	
8/1/2026	2,423,606	1,089,903	2,297	1,092,200	1,331,406	949,366	8,038,054	6,934,334
8/1/2027	2,472,078	1,089,708	2,343	1,092,051	1,380,027	937,623		
8/1/2028	2,521,520	1,093,028	2,390	1,095,418	1,426,102	923,227		
8/1/2029	2,571,950	1,089,615	2,438	1,092,053	1,479,897	912,866		
8/1/2030	2,623,389	1,089,718	2,487	1,092,204	1,531,185	899,955		
8/1/2031	2,675,857	1,093,088	2,536	1,095,624	1,580,233	884,977		
8/1/2032	2,729,374	1,089,478	2,587	1,092,065	1,637,309	873,693		
8/1/2033	2,783,962	1,089,135	2,639	1,091,774	1,692,188	860,388		
8/1/2034	2,839,641	1,091,813	2,692	1,094,504	1,745,137	845,459		
8/1/2035	2,896,434	1,092,263	2,746	1,095,008	1,801,426	831,567		
8/1/2036	2,954,362	1,090,485	2,800	1,093,285	1,861,077	818,583		
8/1/2037	3,013,450	-1,608	2,856	1,249	3,012,201	1,262,409		
	48,191,180	19,629,257	45,681	19,674,939	28,516,242	17,934,447		
Difference from "Do Nothing":					-5,699,137	-1,159,201	6,328,298	5,654,837



Preliminary

Riverbank Redevelopment Agency

2019 Refunding vs Accel Old Bonds 2% Growth

SINGLE PURPOSE

Sources & Uses

Dated 02/02/2019 | Delivered 02/02/2019

Sources Of Funds

Par Amount of Bonds	\$13,555,000.00
Transfers from Prior Issue DSR Funds	119,671.43
Total Sources	\$13,674,671.43

Uses Of Funds

Deposit to Current Refunding Fund	11,973,162.08
Deposit to Debt Service Reserve Fund (DSRF)	1,093,087.50
Placement Agent	135,550.00
Bond Counsel	100,000.00
Financial Advisor	75,000.00
Accounting Fees (Audits)	50,000.00
DLA Counsel	50,000.00
Offering Memorandum	40,000.00
Fiscal Consultant's Report	30,000.00
DLA/SA Expenses & Costs	30,000.00
Bank Counsel	25,000.00
Arbitrage Rebate Reports (2 Series)	20,000.00
Trustee & Counsel Fees	10,000.00
Travel	10,000.00
Miscellaneous	10,000.00
Escrow Agent (2 Series)	10,000.00
Verification Agent (2 Series)	10,000.00
Rounding Amount	2,871.85
Total Uses	\$13,674,671.43

Preliminary

Riverbank Redevelopment Agency

2019 Refunding vs Accel Old Bonds 2% Growth

SINGLE PURPOSE

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Expenses	DSR	Net New D/S
08/01/2019	755,000.00	4.950%	333,622.44	1,088,622.44	2,000.00	-	1,090,622.44
08/01/2020	455,000.00	4.950%	633,600.00	1,088,600.00	2,040.00	-	1,090,640.00
08/01/2021	480,000.00	4.950%	611,077.50	1,091,077.50	2,080.80	-	1,093,158.30
08/01/2022	505,000.00	4.950%	587,317.50	1,092,317.50	2,122.42	-	1,094,439.92
08/01/2023	530,000.00	4.950%	562,320.00	1,092,320.00	2,164.86	-	1,094,484.86
08/01/2024	555,000.00	4.950%	536,085.00	1,091,085.00	2,208.16	-	1,093,293.16
08/01/2025	580,000.00	4.950%	508,612.50	1,088,612.50	2,252.32	-	1,090,864.82
08/01/2026	610,000.00	4.950%	479,902.50	1,089,902.50	2,297.37	-	1,092,199.87
08/01/2027	640,000.00	4.950%	449,707.50	1,089,707.50	2,343.32	-	1,092,050.82
08/01/2028	675,000.00	4.950%	418,027.50	1,093,027.50	2,390.19	-	1,095,417.69
08/01/2029	705,000.00	4.950%	384,615.00	1,089,615.00	2,437.99	-	1,092,052.99
08/01/2030	740,000.00	4.950%	349,717.50	1,089,717.50	2,486.75	-	1,092,204.25
08/01/2031	780,000.00	4.950%	313,087.50	1,093,087.50	2,536.48	-	1,095,623.98
08/01/2032	815,000.00	4.950%	274,477.50	1,089,477.50	2,587.21	-	1,092,064.71
08/01/2033	855,000.00	4.950%	234,135.00	1,089,135.00	2,638.96	-	1,091,773.96
08/01/2034	900,000.00	4.950%	191,812.50	1,091,812.50	2,691.74	-	1,094,504.24
08/01/2035	945,000.00	4.950%	147,262.50	1,092,262.50	2,745.57	-	1,095,008.07
08/01/2036	990,000.00	4.950%	100,485.00	1,090,485.00	2,800.48	-	1,093,285.48
08/01/2037	1,040,000.00	4.950%	51,480.00	1,091,480.00	2,856.49	(1,093,087.50)	1,248.99
Total	\$13,555,000.00	-	\$7,167,344.94	\$20,722,344.94	\$45,681.11	(1,093,087.50)	\$19,674,938.55

2019 Refunding vs Accel O | SINGLE PURPOSE | 11/ 1/2018 | 8:53 AM

Preliminary

Riverbank Redevelopment Agency

2019 Refunding vs Accel Old Bonds 2% Growth

SINGLE PURPOSE

Debt Service Comparison

Date	Total P+I	Expenses	DSR	Net New D/S	Old Net D/S	Savings
08/01/2019	1,088,622.44	2,000.00	-	1,090,622.44	1,843,739.98	753,117.54
08/01/2020	1,088,600.00	2,040.00	-	1,090,640.00	2,152,092.89	1,061,452.89
08/01/2021	1,091,077.50	2,080.80	-	1,093,158.30	2,195,134.74	1,101,976.44
08/01/2022	1,092,317.50	2,122.42	-	1,094,439.92	2,239,037.44	1,144,597.52
08/01/2023	1,092,320.00	2,164.86	-	1,094,484.86	2,283,818.18	1,189,333.32
08/01/2024	1,091,085.00	2,208.16	-	1,093,293.16	2,329,494.55	1,236,201.39
08/01/2025	1,088,612.50	2,252.32	-	1,090,864.82	666,328.56	(424,536.26)
08/01/2026	1,089,902.50	2,297.37	-	1,092,199.87	11,486.86	(1,080,713.01)
08/01/2027	1,089,707.50	2,343.32	-	1,092,050.82	11,716.59	(1,080,334.23)
08/01/2028	1,093,027.50	2,390.19	-	1,095,417.69	11,950.93	(1,083,466.76)
08/01/2029	1,089,615.00	2,437.99	-	1,092,052.99	12,189.94	(1,079,863.05)
08/01/2030	1,089,717.50	2,486.75	-	1,092,204.25	12,433.74	(1,079,770.51)
08/01/2031	1,093,087.50	2,536.48	-	1,095,623.98	12,682.42	(1,082,941.56)
08/01/2032	1,089,477.50	2,587.21	-	1,092,064.71	12,936.07	(1,079,128.64)
08/01/2033	1,089,135.00	2,638.96	-	1,091,773.96	13,194.79	(1,078,579.17)
08/01/2034	1,091,812.50	2,691.74	-	1,094,504.24	13,458.68	(1,081,045.56)
08/01/2035	1,092,262.50	2,745.57	-	1,095,008.07	13,727.86	(1,081,280.21)
08/01/2036	1,090,485.00	2,800.48	-	1,093,285.48	14,002.41	(1,079,283.07)
08/01/2037	1,091,480.00	2,856.49	(1,093,087.50)	1,248.99	14,282.46	13,033.47
Total	\$20,722,344.94	\$45,681.11	(1,093,087.50)	\$19,674,938.55	\$13,863,709.09	(5,811,229.46)

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	(1,372,781.30)
Effects of changes in DSR investments	311,658.03
Effects of changes in Expenses	109,779.54
Net PV Cashflow Savings @ 5.574%(AIC)	(951,343.72)
Contingency or Rounding Amount	2,871.85
Net Present Value Loss	\$(948,471.87)
Net PV Loss / \$11,945,722 Refunded Principal	(7.940%)
Net PV Loss / \$13,555,000 Refunding Principal	(6.997%)

Refunding Bond Information

Refunding Dated Date	2/02/2019
Refunding Delivery Date	2/02/2019

INDENTURE OF TRUST

Dated as of February 1, 2019

between the

SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Relating to

§ _____
SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY
SERIES 2019 TAX ALLOCATION REFUNDING BONDS
(RIVERBANK REDEVELOPMENT PROJECT)

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INDENTURE OF TRUST

This INDENTURE OF TRUST (this “Indenture”), dated as of February 1, 2019, is between the RIVERBANK DESIGNATED RIVERBANK AUTHORITY, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERBANK, a public entity duly created 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”).

W I T N E S S E T H :

WHEREAS, the Redevelopment Agency of the City of Riverbank (the “Former Agency”) was formerly a public body, corporate and politic, duly established and authorized to transact business and exercise powers under the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of California (the “Redevelopment Law”); and

WHEREAS, a redevelopment plan for the redevelopment project area designated the “Riverbank Redevelopment Project” in the City of Riverbank, California (the “Redevelopment Project”) was adopted in compliance with all requirements of the Redevelopment Law; and

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and the Riverbank Designated Riverbank Authority was formed in accordance with Section 34173(d)(3) to serve as the Successor Agency (“Successor Agency”) to the Former Agency; and

WHEREAS, in order to finance redevelopment and low and moderate income housing activities within and for the benefit of the Redevelopment Project, the Former Agency, prior to the dissolution, issued its (i) Riverbank Redevelopment Agency, Riverbank Reinvestment Project, Tax Allocation Bonds (2007 Series A) (the “Series 2007A Bonds”), and (ii) Riverbank Redevelopment Agency, Riverbank Reinvestment Project, Tax Allocation Housing Set-Aside Bonds (2007 Series B) (the “Series 2007B Bonds,” and together with the Series 2007A Bonds, the “Prior Bonds”), which Prior Bonds remain currently outstanding, but in a defaulted status; and

WHEREAS, the Series 2007A Bonds were issued pursuant to an Indenture of Trust (the “Series 2007A Indenture”), dated as of February 1, 2007, by and between the Former Agency and the trustee named thereunder (the “Prior Trustee”), and the Series 2007B Bonds were issued pursuant to an Indenture of Trust (the “Series 2007B Indenture,” and together with the Series 2007A Indenture, the “Prior Bond Documents”), dated as of February 1, 2007, by and between the Former Agency and the Prior Trustee; and

WHEREAS, due to nonpayment of the Prior Bonds when due, the Prior Trustee has declared the principal of the Prior Bonds, together with the accrued interest thereon, to be due and payable immediately, and as a result, pursuant to Article IX of the Prior Bond Documents, all of the Tax Revenues (as defined in the Prior Bond Documents) and all sums in the funds and accounts established and held by the Prior Trustee under the Prior Bond Documents, and all sums thereafter received by the Prior Trustee thereunder, is being applied by the Prior Trustee, first, to paym the fees, costs and expenses of the Prior Trustee, and second, to

the pay the whole amount then owing and unpaid upon the Prior Bonds for principal and interest, with interest on the overdue principal and installments of interest at the rate borne by such Prior Bonds (to the extent that such interest on overdue installments shall have been collected), and in case such moneys are insufficient to pay in full the whole amount so owing and unpaid upon Prior 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, or any Prior Bond over any other Prior Bond, ratably to the aggregate of such principal and interest, thereby creating a debt service spike in connection with the repayment of the Prior Bonds (the “Debt Service Spike”); and

WHEREAS, Assembly Bill XI 26 (“AB 26”), effective June 29, 2011, resulted in the dissolution of the Former Agency as of February 1, 2012, and the vesting in the Successor Agency of all of the authority, rights, powers, duties and obligations of the Former Agency, including the authority to refund the bonds of the Former Agency; and

WHEREAS, Assembly Bill No. 1484 (“AB 1484”), a follow on bill to AB XI 26, was enacted on June 27, 2012 and provides a mechanism to refund outstanding bonds or other indebtedness under certain circumstances; and

WHEREAS, Section 34177.5(a)(2) allows for the restructuring of enforceable obligations “For the purpose of issuing bonds or other indebtedness to finance debt service spikes, including balloon maturities, provided that (A) the existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, and (B) the principal amount of the bonds or other indebtedness shall not exceed the amount required to finance the debt service spikes, including establishing customary debt service reserves and paying related costs of issuance;” and

WHEREAS, under Section 34177.5(b), the Successor Agency is authorized to issue bonds under Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Bond Law”) for the purposes set forth in said Section 34177.5(a); and

WHEREAS, the Successor Agency has determined that it can eliminate the Debt Service Spike and create substantially level debt service going forward by refunding the Prior Bonds, and to that end the governing board of the Successor Agency has authorized the issuance of its “Riverbank Designated Riverbank Authority, as Successor Agency to the Riverbank Redevelopment Agency, Series 2019 Tax Allocation Refunding Bonds (Riverbank Redevelopment Project)” in the aggregate principal amount of \$ _____ (the “Bonds”); and

WHEREAS, pursuant to Section 34177.5(g), any bonds issued by the Successor Agency to refund the indebtedness of the Former Agency shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172; and

WHEREAS, the Bonds will be secured by a pledge of and payable from Tax Revenues (as defined below); and

WHEREAS, as a result of the proposed refinancing, there will be no obligations outstanding that are secured by a pledge of Tax Revenues other than the Bonds; and

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 premium, if any, and interest thereon, the Successor Agency has 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, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Successor Agency, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken; and

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions 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 holders thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Successor Agency does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and Parity Bonds in such Bond Year, assuming that Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

“Authorized Representative” means the Chair, Vice Chair, Executive Director, Treasurer and any other person authorized by the Successor Agency to act on its behalf shall each be an “Authorized Representative” of the Successor Agency.

“Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

“Beneficial Owner” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

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

[“Bond Insurance Policy” or “Insurance Policy” means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and the interest when due on the Bonds.]

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

“Bond Proceeds Fund” means the account by that name established and held by the Trustee under Section 3.02.

“Bond Resolution” means Resolution No. __, adopted by the Board of Directors of the Successor Agency on November 7, 2018.

“Bond Year” means any twelve-month period beginning on February 2 in any year and extending to the next succeeding February 1, both dates inclusive; except that the first Bond Year begins on the Closing Date and ends on February 1, 2020.

“Bond” or “Bonds” means the Riverbank Designated Riverbank Authority, as Successor Agency to the Riverbank Redevelopment Agency, Series 2019 Tax Allocation Refunding Bonds (Riverbank Redevelopment Project), issued by the Successor Agency in the aggregate principal amount of \$ _____ under the Refunding Bond Law and this Indenture, and, if the context requires, any additional Parity Bonds issued pursuant to a Supplemental Indenture pursuant to Section 5.08 hereof.

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

“Certificate of the Successor Agency” means a certificate in writing signed by an Authorized Representative of the Successor Agency, or any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

“Chair” or “Chairman” means the chairman of the Successor Agency.

“City” means the City of Riverbank, a municipal corporation duly organized and existing under and by virtue of the laws of the State.

“Closing Date” or “Delivery Date” means February __, 2019, being the date on which the Bonds are delivered by the Successor Agency to the original purchaser thereof.

“Computation Year” means the period beginning on the Closing Date and ending on _____ 1, 2020 (or on an earlier date selected by the Issuer in accordance with Treasury Regulations §1.148-1(b)) and each successive one-year period thereafter. The last Bond Year will end on the last day on which any Bonds are outstanding for Federal tax purposes.

“Continuing Disclosure Certificate” means that Continuing Disclosure Certificate executed by the City and dated as of February 1, 2019, relating to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds and the refunding of the Prior Bonds, including but not limited to: staff and administrative costs of the Successor Agency; printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee, the Escrow Agent, the Prior Trustee and their respective counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of Bond Counsel, Disclosure Counsel, general counsel to the Successor Agency, attorneys, financial advisors, 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 original issuance of the Bonds and the refunding of the Prior Bonds.

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

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

“County Auditor-Controller” means the Auditor-Controller of the County of Stanislaus.

“Defeasance Funds” means (i) cash or (ii) Federal Securities.

“Department of Finance” or “DOF” means Department of Finance of the State of California.

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

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

“Dissolution Act” means Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended from time to time.

“Distribution Date” means each January 2 and June 1, being the dates that the Auditor-Controller makes distributions from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund; provided, however, if DOF or Redevelopment Law requires some other date or dates, then Distribution Dates shall mean the date or dates so designated.

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

“EMMA” means Electronic Municipal Market Access (EMMA) system of the Municipal Securities Rulemaking Board, with the portal website currently located at <http://emma.msrb.org>.

“Escrow Agent” means U.S. Bank National Association, acting as Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement, dated as of February 1, 2019, by and between the Successor Agency and the Escrow Agent, relating to the deposit and application of the proceeds of the Bonds and other funds to pay and discharge the Prior Bonds.

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

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

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

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

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

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

“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 projects; (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.

“Information Services” means EMMA; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Successor Agency may designate in a Certificate of the Successor Agency delivered to the Trustee.

[“Insured Bonds” means the Bonds maturing on August 1 of the years 20__ through 20__, inclusive, which are insured by the Insurer.]

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

“Interest Payment Date” means August 1, 2019, and each February 1 and August 1 thereafter so long as any of the Bonds remain unpaid.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year, including payments on any Parity Bonds, as certified in writing by the Successor Agency to the Trustee.

“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 or the Bonds on a timely basis, (c) the validity or enforceability of this Indentures or the Bonds, or (d) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of interest on the Bonds for State income tax purposes.

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

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

“Notice of Insufficiency” means the report described in Health and Safety Code Section 34183(b) of the Dissolution Act.

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in Section 9.08, or such other address specified by the Trustee from time to time, or at such other or additional offices as may be specified by the Trustee in writing to the Successor Agency; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

“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 have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

“Oversight Board” means the Oversight Board to the Successor Agency to the Riverbank Redevelopment Agency, duly constituted from time to time pursuant to Section 34179 of the Redevelopment Law.

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

“Parity Bonds” means the Bonds, and any additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) payable from Tax Revenues on a parity with the Bonds as authorized by the provisions of Section 5.08.

“Parity Bonds Instrument” means any resolution, indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Bonds, authorized by Section 5.08.

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

“Pass-Through Payments” means, collectively any statutory pass-through payments required to be made by the Successor Agency to taxing agencies whose territory is located within a Project Area, as required by Sections 33607.5 and 33607.7 of the Redevelopment Law.

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

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America, including instruments evidencing a direct ownership interest in securities described in this clause such as Stripped Treasury Coupons at the time of purchase rated or assessed in the highest rating category by S&P and Moody’s and held by a custodian for safekeeping on behalf of holders of such securities.

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

(c) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Government National Mortgage Association, Farmer’s Home Administration, Federal Home Loan Mortgage Corporation or Federal Housing Administration; provided that with respect to the funds and accounts established under this Indenture, such obligations shall

at no time exceed an amount equal to ten percent (10%) of the aggregate principal amount of the Bonds Outstanding.

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

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

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

(g) Taxable government money market portfolios that at the time of purchase have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody's, subject to a maximum permissible limit equal to six months of principal and interest on the Bonds including portfolios of the Trustee and its affiliates.

(h) Tax-exempt government money market portfolios that at the time of purchase have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody's consisting of securities which are rated in the highest Rating Categories of S&P and Moody's subject to a maximum permissible limit equal to six months of principal and interest on the Bonds.

(i) Money market funds registered under the Investment Company Act of 1940, the shares in which are registered under the Securities Act of 1933 and that at the time of purchase have a rating by S&P of AA-Am-G or AA-Am and rated in one of the two highest Rating Categories of Moody's, including those managed or advised by the Trustee or its affiliates.

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

(k) Investment agreements, including guaranteed investment contracts ("GICs") forward purchase agreements and reserve fund put agreements with banks or other financial institutions rated, or guaranteed by institutions rated, or with senior unsecured debt rated, at the time of entrance into such agreement by S&P or Moody's, in one of the three highest rating categories assigned by such agencies.

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

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

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

“Principal Payment Date” means each August 1st, commencing August 1, 2019.

“Prior Bond Documents” means collectively, the 2007A Indenture and the 2007B Indenture.

“Prior Bonds” means, collectively, the Series 2007A Bonds and the Series 2007B Bonds.

“Prior Trustee” means U.S. Bank National Association, its successors and assigns, as trustee for the Prior Bonds.

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

“Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 3.02, provided that all of the following requirements are met: (i) at the time of delivery of such letter of credit or surety bond, the long-term credit rating of such bank is one of the two highest rating categories (without regard to any modifier) by any one rating agency then rating the Bonds secured by such letter of credit or surety, (ii) such letter of credit or surety bond has a term which ends no earlier than the last Interest Payment Date of the Bonds; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.03; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in Section 4.03, including the replenishment of the Interest Account or the Principal Account.

“Recognized Obligation Payment Schedule” or “ROPS” means the schedule by that name prepared for each Fiscal Year in accordance with the requirements of Section 34177(o) of the Redevelopment Law.

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

“Redemption Account” means the account by that name established and held by the Trustee pursuant to Section 4.04.

“Redevelopment Obligation Retirement Fund” means the fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the Redevelopment Law.

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

“Redevelopment Plan” means the redevelopment plan for the Redevelopment Project adopted by the City Council, on behalf of the Former Agency, with respect to the Project Area on _____, 19__ pursuant to its Ordinance No. _____, as amended by Ordinance No. _____, together with all other amendments thereto made in accordance with the Redevelopment Law.

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

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

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

“Registration Books” means the records maintained by the Trustee under Section 2.07 for the registration and transfer of ownership of the Bonds.

“Request of the Successor Agency” means a request in writing signed by an Authorized Representative of the Successor Agency, or any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

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

[“Reserve Policy” means the Municipal Bond Debt Service Reserve Account Policy issued by the Insurer guaranteeing payments to be applied to the payment of principal and interest on the Bonds as provided in such policy, for the credit of the Reserve Account. The Reserve Policy is a Qualified Reserve Account Credit Instrument as defined herein.]

“Reserve Requirement” means, with respect to the Bonds, the lesser of (i) 125% of the average Annual Debt Service with respect to the Bonds, (ii) ten percent (10%) of the issue price of the Bonds, or (iii) Maximum Annual Debt Service with respect to the Bonds; provided, that in no event shall the Successor Agency, in connection with the issuance of Parity Bonds in the form of Bonds pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Bonds issued in the form of Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet

all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.03(d) hereof.

“Revenue Fund” means the fund by that name which is established and held by the Trustee pursuant to Section 4.03.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, New York, New York, or its successors.

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

“Semiannual Period” means (a) each six-month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and (b) each six-month period beginning on July 1 of any calendar year and ending on December 31 of such calendar year; provided, however, if DOF or Redevelopment Law requires some other period or periods, then Semiannual Period shall mean the period or periods so designated.

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

“Series 2007A Bonds” means the Riverbank Redevelopment Agency, Riverbank Reinvestment Project, Tax Allocation Bonds (2007 Series A), issued in the original aggregate principal amount of \$12,315,000, pursuant to the Series 2007A Indenture.

“Series 2007A Indenture” means the Indenture of Trust, dated as of February 1, 2007, by and between the Former Agency and the Prior Trustee relating to the issuance of the Series 2007A Bonds.

“Series 2007B Bonds” means the Riverbank Redevelopment Agency, Riverbank Reinvestment Project, Tax Allocation Housing Set-Aside Bonds (2007 Series B), issued in the original aggregate principal amount of \$3,120,000, pursuant to the Series 2007B Indenture.

“Series 2007B Indenture” means the Indenture of Trust, dated as of February 1, 2007, by and between the Former Agency and the Prior Trustee relating to the issuance of the Series 2007B Bonds.

“State” means the State of California.

“Subordinate Debt” means any loan, advances or indebtedness issued or incurred by the Successor Agency, which are either (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, including revenue bonds and other debts and obligations scheduled for payment pursuant to Section 34183(a)(2) of the Redevelopment Law, or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the Bonds.

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

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

“Tax Certificate” means the Tax Certificate concerning certain matters pertaining to the use and investment of the proceeds of the Bonds, executed and delivered by the Successor Agency on the Closing Date, including the exhibits thereto.

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

“Tax Increment Revenues” means moneys allocated and paid to the Successor Agency derived from (a) that portion of taxes levied upon assessable property within the Project Area which are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and (b) reimbursements, subventions, including payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110, et seq., of the Government Code of the State of California, or other payments made by the State of California with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes.

“Tax Revenues” means moneys deposited or available for deposit from time to time in the Redevelopment Property Tax Trust Fund under Section 34183(a)(2) and Section 34183(b) of the Redevelopment Law, excluding amounts, if any, payable by the Successor Agency pursuant to Sections 33676, 33607.5 and 33607.7 of the Redevelopment Law and Section 34183(a)(1) of the Redevelopment Law, except to the extent such amounts are payable on a basis subordinate to the payment of Annual Debt Service on the Bonds or any Parity Bonds pursuant to Sections 33607.5(e) or 34177.5(c) of the Redevelopment Law. If, and to the extent, that the provisions of Section 34172 or Section 34183(a)(2) of the Redevelopment Law 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 Redevelopment 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.

“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.

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

SECTION 1.03. Interpretation.

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

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

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

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS; REPRESENTATIONS AND WARRANTIES OF THE SUCCESSOR AGENCY

SECTION 2.01. Authorization and Purpose of Bonds. The Successor Agency has reviewed all proceedings heretofore taken and as a result of such review has found, and hereby finds and determines, that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. The Successor Agency hereby authorizes the issuance of the Bonds under the Redevelopment Law and the Refunding Bond Law, for the purpose of providing funds to refinance the Prior Bonds. The Bonds shall be designated the “Riverbank Designated Riverbank Authority, as Successor Agency to the Riverbank Redevelopment Agency, Series 2019 Tax Allocation Refunding Bonds (Riverbank Redevelopment Project),” and shall be issued in the aggregate principal amount of \$_____.

SECTION 2.02. Terms of the Bonds. The Bonds shall be dated as of the Closing Date, and shall be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rate per annum as follows:

Maturity Date (August 1)	Principal Amount	Interest Rate
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		

2029
 2030
 2031
 2032
 2033
 2034
 2035
 2036
 2037

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 prior to the applicable Record Date. Principal of and redemption premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

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

SECTION 2.03. Optional Redemption of Bonds. The Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on and after August 1, 20__, are subject to redemption, at the option of the Successor Agency on any date on or after August 1, 20__, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon 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 Section 2.03 with a designation of the principal amount and maturities to be redeemed at least sixty (60) days prior to the date fixed for such redemption (or such late date as is acceptable to the Trustee), and shall transfer to the Trustee for deposit in the Revenue Fund all amounts required for such redemption at least five (5) Business Days prior to the date fixed for such redemption.

SECTION 2.04. Reserved.

SECTION 2.05. Other Redemption Provisions.

(a) Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Information Services; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that optional redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

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

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

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

(d) Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed

shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All Bonds redeemed pursuant to this Section 2.05(d) shall be cancelled and destroyed.

SECTION 2.06. Form and Execution of Bonds. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

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

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix A, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Bonds are issued pursuant to Section 2.10 hereof, the temporary Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, shall be initially registered by the Trustee, and, until so exchanged as provided under Section 2.10 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

SECTION 2.07. Transfer and Exchange of Bonds.

(a) Transfer. A Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of that Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds are surrendered for transfer, the Successor Agency shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.07. The Successor Agency will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

The Trustee may refuse to transfer, under the provisions of this Section 2.07, 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) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.07. The Successor Agency will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds. The Trustee may refuse to transfer, under the provisions of this Section 2.07, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

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

SECTION 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If a Bond is mutilated, the Successor Agency, at the expense of the Owner of that Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to or upon the order of the Successor Agency. If a Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and if indemnity satisfactory to the Trustee is given, the Successor Agency, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

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

SECTION 2.10. 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 Office of the Trustee, and the Trustee shall authenticate and 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 2.11. Book-Entry System.

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

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

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

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

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

SECTION 2.12. Representations, Warranties and Agreements of the Successor Agency. The Successor Agency hereby represents warrants and agrees that:

(a) The Successor Agency is a validly existing successor agency, duly organized under the laws of the State, with the power to issue the Bonds pursuant to the Redevelopment Law, the Refunding Bond Law, the Dissolution Act and the Bond Resolution.

(b) The Successor Agency has full legal right, power and authority under the Constitution and the laws of the State to adopt the Bond Resolution, to enter into this Indenture, and to sell, issue and deliver the Bonds as provided herein; the Successor Agency has full legal right, power and authority to perform its obligations under this Indenture, and to carry out and consummate the transactions contemplated hereby; the Successor Agency has complied with, or will at the Closing Date be in compliance with, in all respects material to this transaction, the Constitution, the Redevelopment Law, the Refunding Bond Law, the Dissolution Act and laws of the State, and the terms of the Bond Resolution, the Bonds and this Indenture.

(c) By all necessary official action, the Successor Agency has duly adopted the Bond Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds and this Indenture, and the consummation by it of all other transactions contemplated by this Indenture and the Bond Resolution. When executed and delivered by the Trustee, this Indenture will be in full force and effect and each will constitute a legal, valid and binding agreement or obligation of the Successor Agency, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and this Indenture, will constitute legal, valid and binding obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and are entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(e) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Bonds and the execution, delivery of and performance of this Indenture by the Successor Agency have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made).

(f) The Successor Agency is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any Successor Agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject (including, without limitation, the Bond Resolution and this Indenture), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the Bonds and the execution and delivery of this Indenture and compliance with the Successor Agency's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Successor Agency or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and this Indenture.

(g) No action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Successor Agency's knowledge, threatened against the Successor Agency: (i) in any way affecting the existence of the Successor Agency or in any way challenging the respective powers of the several offices or the titles of the officials of the Successor Agency to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds or the application of the proceeds of the sale of the Bonds; (iii) in any way contesting or affecting, as to the Successor Agency, the validity or enforceability of the Bond Resolution, the Bonds or this Indenture; (iv) in any way contesting the powers of the Successor Agency or its authority with respect to issuance or delivery of the Bonds, the adoption of the Bond Resolution, or the execution and delivery of this Indenture; (v) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes; or (vi) in any way contesting or challenging the consummation of the transactions contemplated hereby or that might materially adversely affect the ability of the Successor Agency to perform and satisfy its obligations under this Indenture or the Bonds, including, but not limited to, any suit filed relating to the Plan

Limitations (or to the Department of Finance's interpretation that any Plan Limitations are no longer applicable to the Project Area) that might result in the Plan Limitations being reinstated; nor to the best of the Successor Agency's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the proceedings authorizing the Bond Resolution or this Indenture or the performance by the Successor Agency of its obligations thereunder, or the authorization, execution, delivery or performance by the Successor Agency of the Bonds, the Bond Resolution or this Indenture.

(h) The Successor Agency has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Redevelopment Law, the Bond Resolution and this Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

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

(j) The Successor Agency is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(k) The Successor Agency represents and warrants that, other than the pledge of the Tax Revenues that secures the Bonds, neither the Former Agency nor it has heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Tax Revenues that ranks prior to the pledge granted under this Indenture.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF BOND PROCEEDS

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

SECTION 3.02. Deposit and Application of Bond Proceeds. On the Closing Date, the Trustee shall apply the proceeds of the sale of the Bonds received or deemed to have been received from the [Participating Underwriter][Bank] on the Closing Date, being an amount equal to \$_____ (being an amount equal to the par amount of the Bonds (\$_____)) [plus][less] net original issue [premium][discount] of \$_____, [and less an Underwriter's discount of \$_____] as set forth in this Section 3.02. [At the request of the City, the Underwriter will wire (i) the Insurance Policy premium of \$_____, and (ii) the Reserve Policy premium of \$_____ to the Insurer on the Closing Date.] As a result, the net amount to be wired to the Trustee will be \$_____ (the "Net Proceeds"), whereupon the Trustee shall deposit such proceeds into the Bond Proceeds Fund, which is hereby established as a separate fund to be held by the Trustee in trust. The Trustee shall apply moneys in the Bond Proceeds Fund as follows:

- (a) Deposit \$_____ into the Costs of Issuance Fund.
- (b) Transfer \$_____ to the Escrow Agent for deposit and application in accordance with the Escrow Agreement.

[In addition, the Trustee shall credit the Reserve Policy to the Reserve Account in satisfaction of the Reserve Requirement upon delivery of the Bonds. The parties hereto acknowledge that on the Closing Date from the proceeds of the Bonds, the Underwriter paid on behalf of the Successor Agency to Insurer \$_____ as payment of the premium for the Reserve Policy.]

After making the foregoing deposits and transfers the Trustee shall close the Bond Proceeds Fund.

SECTION 3.03. Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which the Trustee shall hold in trust. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the Successor Agency stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the Successor Agency; in each case together with a statement or invoice for each amount requested thereunder. On June 1, 2019, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Interest Account, and the Trustee shall thereupon close the Costs of Issuance Fund.

ARTICLE IV**SECURITY FOR THE BONDS; FLOW OF FUNDS**

SECTION 4.01. Security of Bonds; Equal Security. The Successor Agency may not issue additional bonds or incur additional obligations that are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the Bonds.

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in Section 6.06, the Bonds shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund, and all of the moneys in the Revenue Fund, the Interest Account, the Principal Account, and the Redemption Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds shall be additionally secured by a first pledge of and lien upon all of the moneys in the Reserve Account established by Section 4.03(d). Except for the Tax Revenues and such other moneys pledged hereunder, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, this Indenture constitutes a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all Owners of the Bonds 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. The Successor Agency has heretofore established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law, which the Successor Agency shall continue to hold so long as any of the Bonds remain Outstanding. The Successor Agency shall deposit all of the Tax Revenues received with respect to any Semiannual Period into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. The Successor Agency shall, within the times set forth in Section 4.03, transfer to the Trustee for deposit in Revenue Fund all such Tax Revenues as are required to pay debt service on the Bonds in accordance with the terms hereof or to replenish any reserve account or fund established with respect to the Bonds.

All Tax Revenues received by the Successor Agency with respect to a Distribution Date in excess of the amounts sequestered pursuant to subsections 5.03(c), except as may be required by Section 5.09(h) or as provided to the contrary in any Parity Bonds Instrument, shall be released from the pledge and lien of this Indenture and applied in accordance with the Redevelopment Law and the Dissolution Act. Prior to the payment in full of the principal of and interest and premium, if any, on the Bonds and the payment in full of all other amounts payable hereunder and under any Parity Bonds Instrument, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in this Indenture and in any Parity Bonds Instrument.

SECTION 4.03. Revenue Fund; Transfer of Amounts to Trustee. There is hereby established a separate trust fund to be known as the "Revenue Fund," which the Trustee shall hold in trust so long as any of the Bonds remain Outstanding. Concurrently with transfers with respect to Parity Bonds pursuant to Parity

Bonds Instruments, the Successor Agency shall transfer amounts on deposit in the Redevelopment Obligation Retirement Fund to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Revenue Fund, which accounts are hereby established with the Trustee, in the following order of priority:

- (a) Interest Account. On or before the 5th Business Day preceding each Interest Payment Date or any optional redemption date, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on such 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. The Trustee shall apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.
- (b) Principal Account. On or before the 5th Business Day preceding each Principal Payment Date, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on the Outstanding Bonds on the next Principal Payment Date. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next Principal Payment Date, on all of the Outstanding Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it shall become due and payable.
- (c) Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to Section 2.03, the Trustee shall withdraw from the Revenue Fund any amount transferred by the Successor Agency pursuant to Section 2.03 for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date pursuant to Section 2.03. 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 pursuant to Section 2.03 on the date set for such redemption. Interest due on Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account.
- (d) Reserve Account. There is hereby established in the Revenue Fund a separate account known as the "Reserve Account" solely as security for payments payable by the Successor Agency pursuant to this Section 4.03, which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding [and to pay any amounts owed to the Insurer].

[The Reserve Requirement for the Bonds will be satisfied by the Reserve Policy delivered by the Insurer to the Trustee on the Closing Date with respect to the Bonds. The Trustee shall draw on the Reserve Policy in accordance with its terms and conditions and the terms of this Indenture in order to pay debt service on the Bonds. The Successor Agency will have no obligation to replace the Reserve Policy, to fund the Reserve Account with cash or to take any other action with respect to the Reserve Policy if, at any time that the Bonds are Outstanding, the ratings assigned to the Insurer are lowered or withdrawn or amounts are not available under the Reserve Policy other than in connection with the replenishment of a draw on the Reserve Policy.]

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

[The Trustee shall comply with all documentation relating to the Reserve Policy as shall be required to maintain the Reserve Policy in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d).]

Except as provided above, in the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount 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 [(including the payment of all amounts due and payable to Insurer in connection with the Reserve Policy)] on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in the event of any deficiency at any time in any of such accounts, or for the retirement of all the Bonds then Outstanding, [and to pay the Insurer amounts owed to it in connection with the Reserve Policy,] except that so long as the Successor Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before the fifth (5th) Business Day preceding each February 1 and August 1, and the date of redemption or defeasance of any Bonds, by the Trustee and deposited in the Interest Account or, in the case of the redemption or defeasance of Bonds, also in the Principal Account or an escrow account established for the defeasance of any of the Bonds. 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 to the Successor Agency.

The Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds or any Parity Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be used for any lawful purpose that does not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument (other than an instrument that extends to the maturity date of the Bonds), the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first legally available Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a), or 4.03(b) or 4.03(c) of this Indenture. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture shall be pro-rata with respect to each such instrument.

Prior to drawing on the Reserve Account in order to make a payment of debt service on the Bonds, the Trustee shall notify the Successor Agency.

The Reserve Account may be maintained in the form of one or more separate subaccounts which are established for the purpose of holding the proceeds of separate issues of the Bonds and any Parity Bonds in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Bonds in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Bonds.

SECTION 4.04. Reserved.

SECTION 4.05. Rebate Fund. If directed by the Successor Agency, the Trustee shall establish the Rebate Fund and the Successor Agency shall comply with the requirements below. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the applicable Tax Certificate, unless the Successor Agency obtains an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

(a) Excess Investment Earnings.

(i) Computation. Within 55 days of the end of each fifth Computation Year with respect to the Bonds, the Successor Agency shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g. the temporary investments exception of Section 148(f)(4)(B) and the construction expenditure exception of Section 148(f)(4)(C) of the Code), for this purpose treating the last day of the applicable Computation Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The Successor Agency shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Transfer. Within 55 days of the end of each fifth Computation Year with respect to the Bonds, upon a Written Request of the Successor Agency, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this Section 4.05(a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon receiving a Written Request of the Successor Agency, the Trustee shall withdraw the excess from the Rebate Fund and deposit the excess to the Interest Account.

(iii) Payment to the Treasury. The Successor Agency shall direct the Trustee in writing to pay to the United States Treasury, out of amounts in the Rebate Fund.

(X) Not later than 60 days after the end of (A) the fifth Computation Year with respect to the Bonds, and (B) each applicable fifth Computation Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Computation Year; and

(Y) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Successor Agency shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection 4.05(a)(iii) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the Successor Agency, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption, if any, and payment of the Bonds and the payments described in Section 4.05(a)(iii), shall be transferred by the Trustee to the Successor Agency at the written direction of the Successor Agency and utilized in any manner by the Successor Agency.

(c) Survival of Defeasance. Notwithstanding anything in this Section 4.05 or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Bonds and any Parity Bonds.

(d) Trustee not Responsible. The Trustee shall have no obligations or responsibilities under this Section other than to follow the written directions of the Successor Agency. The Trustee shall have no responsibility to make any calculations of rebate or to independently review or verify such calculations.

SECTION 4.06. Investment of Moneys in Funds. The Trustee shall invest moneys in any of the funds established and held by the Trustee hereunder in Permitted Investments specified in the Request of the Successor Agency (which Request will be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two Business Days in advance of the making of such investments. In the absence of any such direction from the Successor Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (g) 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. The Successor Agency will invest moneys in the Redevelopment Obligation Retirement Fund in any obligations in which the Successor Agency is legally authorized to invest funds within its control.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture any moneys are required to be transferred by the Successor Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be retained in the respective fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the Successor Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee has no liability for losses arising from any investments made under this Section.

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

SECTION 4.07. Valuation and Disposition of Investments.

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

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

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

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

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

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

SECTION 5.02. Compliance with the Redevelopment Law; Recognized Obligation Payment Schedules.

- (a) The Successor Agency shall comply with all of the requirements of the Redevelopment Law.
- (b) Pursuant to Section 34177 of the Redevelopment Law, not later than each date a Recognized Obligation Payment Schedule is due, the Successor Agency shall prepare and submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule. The Successor Agency shall take all actions required under the Redevelopment Law to include in the Recognized Obligation Payment Schedule for each Semiannual Period (i) debt service on the Bonds, [and (ii) all amounts due and owing to any Insurer hereunder or under an insurance or surety bond agreement, including the Insurance Policy and the Reserve Policy hereunder,] so as to enable the Stanislaus County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1, as applicable, amounts required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds on a timely basis, as such amounts of debt service are set forth in the Recognized Obligation Debt Service Payment Schedule attached hereto as Appendix B and hereby made a part hereof, or as such Schedule may be hereafter amended, [and to pay any amounts owed to any Insurer.]
- (c) In order to ensure that amounts are available for the Trustee to pay debt service on all Outstanding Bonds [and all amounts due and owing to the Insurer] under the Indenture on a timely basis, the Successor Agency shall (i) apply remaining amounts received from the June 1, 2018 and the January 2, 2019 Recognized Obligation Payment Schedule distributions to pay debt service on the Bonds on August 1, 2019, (ii) apply first available Tax Revenues received by the Successor Agency on the June 1, 2019 Recognized Obligation Payment Schedule distribution to pay approximately __% of the principal and approximately 100% of the interest due on the Bonds on August 1, 2019, and apply first available Tax Revenues received by the Successor Agency on the January 2, 2020 Recognized Obligation Payment Schedule distribution to pay on approximately 100% of the scheduled principal and interest due on the Bonds on February 1, 2020 and August 1, 2020, and (iii) thereafter, the Successor Agency shall not later than each February 1 (or such other time as may be required by the Dissolution Act), commencing February 1, 2020, submit an Oversight Board-approved Recognized Obligation Payment Schedule to the DOF and to the County Auditor-Controller that shall include from the first available Tax Revenues received by the Successor Agency during the applicable Bond Year: (y) all debt service due on all Outstanding Bonds coming due during the applicable Bond Year [as well as all amounts due and owing to any Insurer] under the Indenture or under a Parity Debt Instrument, and (z) any amount required to cure any deficiency in the Reserve Account pursuant to the Indenture or a reserve account established under any Parity Bonds Instrument (including any amounts

required due to a draw on the Qualified Reserve Account Credit Instrument) (collectively, the “ROPS Filing Covenant”).

(d) In the event the provisions set forth in the Dissolution Act as of the Closing Date of the Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency covenants that it shall use commercially reasonable efforts to take all actions necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of funds so that the provisions of subsections (b) and (c) of this Section 5.02 are complied with as fully as possible.

SECTION 5.03. Payment of Claims. The Successor Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant hereto, or which might impair the security of the Bonds. Nothing herein requires the Successor Agency to make any such payment so long as the Successor Agency in good faith contests the validity of said claims.

SECTION 5.04. Books and Accounts; Financial Statements; Additional Information. The Successor Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency, in which complete and correct entries are made of all transactions relating to the Tax Revenues and the Redevelopment Obligation Retirement Fund. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect) and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

[The Successor Agency will cause to be prepared annually, within 270 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year, prepared in accordance with applicable provisions of the California Government Code, showing all deposits into and disbursements from the Redevelopment Obligation Retirement Fund, as of the end of such Fiscal Year. To the extent permitted by law, such financial statements may be combined with or otherwise be a part of the financial statements which are prepared for the City. The Trustee has no duty to review any such financial statement.]

SECTION 5.05. Protection of Security and Rights of Owners. The Successor Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Owners, and to contest (by court action or otherwise, if deemed necessary or appropriate by the Successor Agency) (a) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that the Tax Revenues pledged under this Indenture cannot be used to pay debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor, including, with respect to the Tax Revenues, the lien priority position of the Bonds.

SECTION 5.06. Payments of Taxes and Other Charges. The Successor Agency covenants that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Project Area, or upon the revenues and

income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest and redemption premium (if any) on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

SECTION 5.07. Compliance with the Redevelopment Law; Maintenance of Tax Revenues. The Successor Agency covenants that it will comply with all applicable requirements of the Health and Safety Code. In the event that the applicable property tax revenues provisions of the Redevelopment Law or Dissolution Act are determined by a court in a final non-appealable judicial decision to be invalid and, in place of the invalid provisions, provisions of the Redevelopment Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Health and Safety Code to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of amounts payable by the State of California, appropriate officials of the State, and shall apply any such Tax Revenues received by the Successor Agency in the manner set forth in this Indenture.

SECTION 5.08. Limitation on Additional Indebtedness. The Successor Agency hereby covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is secured by all or any part of the Tax Revenues on a basis senior to, or on a parity with the Bonds, excepting only as provided in this Section 5.08. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds on parity to the pledge and lien herein created for the benefit of the Bonds; *provided, however*, that the Successor Agency may issue and sell Parity Bonds for the purpose of refunding Outstanding Bonds for savings, payable from Tax Revenues on a parity with Outstanding Bonds, if (a) the Successor Agency complies with the requirements of Section 34177.5 of the Redevelopment Law, (b) the debt service payment dates with respect to such refunding bonds are the same as for the Parity Bonds being refunded, and (c) no event of default under the Indenture or under any Parity Bonds Instrument shall have occurred and be continuing. Nothing herein shall prevent the Successor Agency from issuing and selling Subordinate Debt. Any Subordinate Debt shall be payable on the same dates as the Bonds and shall be in all respect, including security and payments, subordinate and junior to the Bonds.

SECTION 5.09. Tax Covenants Relating to the Bonds. The Successor Agency covenants in connection with the Bonds as follows:

(A) *Special Definitions.* When used in this Section, the following terms have the following meanings:

“Code” means the Internal Revenue Code of 1986.

“Computation Date” has the meaning set forth in section 1.148-1(b) of the Treasury Regulations.

“Gross Proceeds”, with respect to an issue, means any proceeds of that issue as defined in section 1.148-1(b) of the Treasury Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds of that issue as defined in section 1.148-1(c) of the Treasury Regulations.

“Investment” means (i) any security (within the meaning of section 165(g)(2)(A) or (B) of the Code), (ii) any obligation (notwithstanding that such obligation may be a tax-exempt bond), (iii) any annuity contract, (iv) when allocated to a bond other than a private activity bond, any residential rental property for family units that is not located within the jurisdiction of the issuer and that is not acquired to implement a court ordered or approved housing desegregation plan, or (v) any investment-type property (as defined in section 1.148-1(e) of the Treasury Regulations).

“Nonpurpose Investment,” with respect to an issue, means any investment other than a tax-exempt bond that is not a specified private activity bond (within the meaning of section 57(a)(5)(C) of the Code), in which Gross Proceeds of that issue are invested and that is not acquired to carry out the governmental purposes of that issue.

“Prior Issue” shall mean the Prior Bonds.

“Proceeds,” with respect to an issue of governmental obligations, has the meaning set forth in has the meaning set forth in section 1.148-1(b) of the Treasury Regulations (referring to sales, investment and transferred proceeds, but not replacement proceeds, of that issue).

“Rebate Amount” has the meaning set forth in section 1.148-1(b) of the Treasury Regulations.

“Treasury Regulations” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.

“Yield” shall have:

(1) with respect to any Investment or class of Investments, that meaning which is set forth in section 1.148-5 of the Treasury Regulations; and

(2) with respect to any issue, that meaning which is set forth in section 1.148-4 of the Treasury Regulations.

(B) *Not to Cause Interest to Become Taxable.* The Successor Agency shall not use, permit the use of, or omit to use Gross Proceeds of the Bonds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on the Bonds to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Successor Agency receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion pursuant to section 103(a) of the Code of interest on any Bond from the gross income of the owners thereof for federal income tax purposes, the Successor Agency shall comply with each of the specific covenants in this Section.

(C) *Private Use or Private Payments.* Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Treasury Regulations and rulings thereunder, the Successor Agency shall at all times prior to the final cancellation of the last of the Bonds to be retired:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which has been or is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds or of the Prior Bonds and not use or permit the use of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or Riverbank government, or agency or instrumentality thereof, unless such use is solely as a member of the general public;

(2) not directly or indirectly impose or accept any charge or other payment by any governmental or nongovernmental person or entity in respect of the use of Gross Proceeds of the Bonds or of the Prior Bonds, or of any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, of the type described in clause (i) foregoing, other than payments that are of taxes of general application within the jurisdiction of the Successor Agency; and

(3) where the Bonds are refunded, the Successor Agency will apply the foregoing restrictions taking cognizance of the provisions of sections 1.141- 3(g) and 1.141-4(c)(2)(ii) of the Treasury Regulations and of any subsequently adopted rules or regulations applicable to such a refunding.

(D) *No Private Loan.* Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Treasury Regulations and rulings thereunder, the Successor Agency shall not use Gross Proceeds to make or finance any loan to any person or entity other than a state or Riverbank government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity not only if such Gross Proceeds are provided to such a person or entity under circumstances that create an indebtedness of that person or entity under Riverbank law or for federal income tax purposes, but also if: (a) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (b) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (c) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan. For purposes of this covenant, the Successor Agency will treat any transaction constituting a loan of Gross Proceeds of the Prior Issue as resulting in a loan of Gross Proceeds of the Bonds.

(E) *Not to Invest at Higher Yield.* Except as would not cause any Bond to become an “arbitrage bond” within the meaning of section 148 of the Code and the Treasury Regulations and rulings thereunder, the Successor Agency shall not, at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds of the Bonds in any Investment, if as a result of such investment the Yield of any Investment or class of Investments acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bond, all as determined in accordance with the provisions of said section 148 and Treasury Regulations and rulings.

(F) *Not Federally Guaranteed.* Except to the extent permitted by section 149(b) of the Code and the Treasury Regulations and rulings thereunder, the Successor Agency shall not take or omit to take any

action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Treasury Regulations and rulings thereunder. Without limitation of the foregoing, the Successor Agency will not permit any portion of the debt service on the Bonds to be guaranteed (in whole or in part) by the United States, or more than 5% of the proceeds of the Bonds to be loaned to any person under which the obligation of that person to repay such loan is guaranteed (in whole or in part) by the United States, or more than 5% of the proceeds of the Bonds to be invested (directly or indirectly) in federally insured deposits or accounts. For this purpose, a guarantee or insurance by an agency or instrumentality of the United States will be treated as though made or provided by the United States.

(G) *Information Report.* The Successor Agency shall timely file any information required by section 149(e) of the Code with respect to the Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(H) *Rebate of Arbitrage Profits.* Except to the extent otherwise provided in section 148(f) of the Code and the Treasury Regulations, in order to assure that no Bond is treated as an arbitrage bond:

(1) the Successor Agency shall account for all Gross Proceeds of the Bonds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Successor Agency may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith in accordance with applicable Treasury Regulations;

(2) not less frequently than each Computation Date, the Successor Agency shall retain the services of a qualified rebate analyst to calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Treasury Regulations and rulings thereunder. The Successor Agency promptly shall report to the Trustee the results of such calculation, including the basis therefor, in sufficient detail and on a timely basis in order that the Successor Agency shall be able to comply with its covenants herein. The Trustee shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date;

(3) to assure the exclusion pursuant to section 103(a) of the Code of interest on Bonds from the gross income of the owners thereof for federal income tax purposes, the Successor Agency shall provide to the Trustee for deposit into a “Rebate Fund” (established hereby and to be held in trust by the Trustee and governed by the Tax Certificate) an amount sufficient to permit the Successor Agency timely to pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in section 1.148-3(e)(2) of the Treasury Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Successor Agency at the times and in the amounts as are or may be required by section 148(f) of the Code and the Treasury Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Treasury Regulations and rulings thereunder for execution and filing by the Successor Agency; and

(4) the Successor Agency shall exercise reasonable diligence to assure that no error is made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including by payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) or other provision of the Code or Treasury Regulations.

(I) *Not to Divert Arbitrage Profits.* Except to the extent permitted by section 148 of the Code and the Treasury Regulations and rulings thereunder, the Successor Agency shall, not at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (H) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Bonds not been relevant to either party.

(J) *Bonds Not Hedge Bonds.* The Successor Agency represents and covenants that neither the Prior Bonds or the Bonds does or will not comprise "hedge bonds" within the meaning of section 149(g) of the Code. Without limitation of the foregoing, with respect to the Prior Bonds, the Successor Agency warrants that: (i)(A) on the date of issuance of that issue the Former Agency reasonably expected (based upon its own knowledge and upon representations made by other governmental persons upon the issuance of those obligations) that within the three year period commencing on such date no less than 85% of the spendable proceeds of that issue would be expended for the governmental purposes thereof and (B) at no time has been or will be more than 50% of the proceeds of that issue invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more. For purposes of the preceding sentence, amounts treated as proceeds of the Prior Bonds have been treated as continuing so to be proceeds of the Prior Bonds notwithstanding the refunding thereof by the Bonds.

(K) *Use of Proceeds; Weighted Average Maturity.* The Successor Agency hereby represents and covenants that it will apply the proceeds of the Bonds in a manner so that the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected remaining economic life of the facilities financed or refinanced therewith (all determined in accordance with the provisions of section 147(b) of the Code).

(L) *Elections.* The Successor Agency hereby directs and authorizes the Executive Director of the Successor Agency to make elections permitted or required pursuant to the provisions of the Code or the Treasury Regulations, as such authorized Successor Agency representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, as to Tax Exemption or similar or other appropriate certificate, form or document.

(M) *Closing Certificate.* The Successor Agency agrees to execute and deliver in connection with the issuance of Bonds a Tax Certificate and the Provisions of Sections 103 and 141-150 of the Code, or similar document containing additional representations and covenants pertaining to the excludability of interest from the gross income of the Owners for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

SECTION 5.10. Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to the Bonds, the Bonds shall be incontestable by the Successor Agency.

SECTION 5.11. Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be considered an event of default; *provided, however,* any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Bonds Outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this section and the Continuing Disclosure Certificate.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. Duties, Immunities and Liabilities of Trustee.

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

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

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

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners)

may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds, and to the Owners at the addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a financial institution having a corporate trust office in the State, having (or in the case of a corporation 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.

The Successor Agency will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this subsection (e), so long as any Bonds are Outstanding.

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

SECTION 6.03. Liability of Trustee.

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

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

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

(d) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the Successor Agency's payment of principal and interest on the Bonds, the Successor Agency's observance or performance of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it.

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

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

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

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

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

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

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

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

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

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

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance

upon such Certificate, but in its discretion the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

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

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

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

SECTION 6.07. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which accurate entries are made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee under this Indenture. Such books of record and account shall be available for inspection by the Successor Agency at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Successor Agency. Upon the Successor Agency's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Successor Agency waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Successor Agency further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 7.01. Amendments Permitted.

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

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

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

- (i) to add to the covenants and agreements of the Successor Agency contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the Successor Agency;
- (ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the Successor Agency deems necessary or desirable, provided under any circumstances that such modifications or amendments do not, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners;
- (iii) to amend any provision hereof to assure the exclusion from gross income of interest on the Bonds for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee;

- (iv) to amend the Recognized Obligation Debt Service Payment Schedule set forth in Appendix B to take into account the redemption of any Bond prior to its maturity;
- (v) to provide for the issuance of Parity Bonds pursuant to a Supplemental Indenture, which are issued in accordance with Section 5.08; or
- (vi) to obtain a bond insurance policy or a rating on the Bonds.

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

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

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

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

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

- (a) failure to make the due and punctual payment of the principal of or interest on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;
- (b) failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part set forth in this Indenture or in the Bonds which

are within its control, other than a default described in the preceding clause (a), if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Successor Agency by the Trustee or any Owner; *provided, however*, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Successor Agency institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time; or

- (c) the Successor Agency shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Successor Agency seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

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

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at an interest rate equal to the highest rate borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee and the Owners, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 8.02. Notice of Event of Default. Upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. Such notice must also state whether the principal of the Bonds has been declared to be or have immediately become due and payable as provided in Section 8.01. With respect to any Event of Default described in Section 8.01(a) or (b), the Trustee shall, and with respect to any

Event of Default described in Section 8.01(c) the Trustee in its sole discretion may, also give such notice to the Bond Owners, which must include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under Section 8.01 (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

SECTION 8.03. Application of Funds Upon Acceleration. All of the Tax Revenues delivered to the Trustee and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order or priority:

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

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

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

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

- (c) said Owners 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 has failed to comply with such request for a period of sixty (60) days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

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

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

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

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Redevelopment Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners. If a suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Trustee or the Owners, 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 8.07. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI. Notwithstanding the foregoing provisions of this Section, the Trustee has no duty to enforce any such right or remedy unless it has been indemnified to its

satisfaction for any additional fees, charges and expenses of the Trustee related thereto, including without limitation, fees and charges of its attorneys and advisors.

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

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, the Owners[, and the Insurer,] any right, remedy, claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee, [the Insurer] 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, the Trustee, or any member, officer or employee of 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 agreements, covenants and provisions contained in the Indenture by or on behalf of the Successor Agency or the Trustee binds and inures to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 9.03. Defeasance of Bonds. If the Successor Agency pays and discharges all or a portion of the Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest 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, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under this Indenture, is fully sufficient to pay all or a portion of Outstanding Bonds, including all principal and interest;
- (c) by irrevocably depositing with the Trustee or an escrow agent, in trust, Federal Securities in such amount as an Independent Accountant determines by written verification report will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal and interest); or

- (d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

then, at the election of the Successor Agency evidenced by a Certificate of the Successor Agency filed with the Trustee, and notwithstanding that any such Bonds have not been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture with respect to such Bonds shall cease and terminate, except only:

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

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

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

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

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

The ownership of Bonds and the amount, maturity, number and date of ownership thereof are conclusively proved by the Registration Books. Any request, declaration or other instrument or writing of the Owner of any Bond binds all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee in good faith and in accordance therewith.

SECTION 9.05. 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 shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

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

SECTION 9.07. Destruction of Canceled Bonds. All Bonds acquired by the Successor Agency, whether by purchase or gift or otherwise shall be surrendered to the Trustee for cancellation. Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the Issuer. Whenever in this Indenture provision is made for the surrender to the Successor Agency of any Bonds which have been paid or canceled under the provisions of this Indenture, a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Successor Agency is entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to. The Successor Agency will pay all costs of any microfilming of Bonds to be destroyed.

SECTION 9.08. Notices. All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The Successor Agency or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Successor Agency: Riverbank Designated Riverbank Authority, as Successor Agency to the
Riverbank Redevelopment Agency

_____, CA _____
Fax: (____) ____ - ____

If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Fax: (415) 677-3769

[If to the Insurer: See Section 10. __ hereof]

SECTION 9.09. Partial Invalidity. If any Section, paragraph, subparagraph, sentence, clause or phrase of this Indenture is for any reason held illegal, invalid or unenforceable, such holding will not affect the validity of the remaining portions of this Indenture. The Successor Agency and the Trustee hereby declare that they would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 9.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two years after the date when the payments of such

interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Successor Agency for the payment of the principal of and interest on such Bonds.

SECTION 9.11. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

SECTION 9.12. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE X

PROVISIONS RELATING TO THE BOND INSURANCE POLICY AND RESERVE POLICY

SECTION 10.01. Provisions Relating to the Insurance Policy. [To be determined]

IN WITNESS WHEREOF, THE RIVERBANK DESIGNATED RIVERBANK AUTHORITY, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERBANK has caused this Indenture to be signed in its name by its Executive Director and attested to by its Secretary or Treasurer, 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.

**RIVERBANK DESIGNATED RIVERBANK
AUTHORITY, AS SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
RIVERBANK**

By _____
Executive Director

Attest:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

APPENDIX A

FORM OF BOND

No. R-1

\$ _____ .00

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF STANISLAUS

**RIVERBANK DESIGNATED RIVERBANK AUTHORITY, AS SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF RIVERBANK
SERIES 2019 TAX ALLOCATION REFUNDING BOND
(RIVERBANK REDEVELOPMENT PROJECT)**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
.____%	August 1, 20__	February __, 2019	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The RIVERBANK DESIGNATED RIVERBANK AUTHORITY, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERBANK, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Successor Agency"), for value received, hereby promises to pay (but only out of the Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the first calendar day of the month in which such Interest Payment Date occurs (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or prior to July 15, 2019, in which event it shall bear interest from the Dated Date identified above; *provided, however*, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment on this Bond, at the Rate of Interest per annum stated above, payable semiannually on August 1 and February 1 in each year, commencing August 1, 2019 (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 of U.S. Bank National Association, as trustee (the "Trustee"), in Saint Paul, Minnesota, or at such other place as designated by the Trustee (the "Corporate Trust Office"). Interest hereon (including the final interest payment upon maturity or earlier redemption hereof) 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 prior to 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 the “Riverbank Designated Riverbank Authority, as Successor Agency to the Riverbank Redevelopment Agency, as Successor Agency to the Riverbank Redevelopment Agency, Series 2019 Tax Allocation Refunding Bonds (Riverbank Redevelopment Project)” (the “Bonds”) of an aggregate principal amount of \$_____, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities or interest rates) and all issued under the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the “Refunding Bond Law”), and pursuant to an Indenture of Trust dated as of February 1, 2019, by and between the Successor Agency and the Trustee (the “Indenture”). Additional bonds, or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture.

The Bonds have been authorized to be issued by the Successor Agency under a resolution of the Successor Agency adopted on November 7, 2018 (the “Resolution”). 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 Redevelopment Law (as defined in the Indenture) and the Refunding Bond 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 have been issued by the Successor Agency to refinance the Prior Bonds (as defined in the Indenture) and to pay certain expenses of the Successor Agency in issuing the Bonds.

There has been created under the Redevelopment Law 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, when due, of the principal of and the interest and redemption premium, if any, on the Bonds. As and to the extent set forth in the Indenture, all such Tax Revenues are exclusively and irrevocably pledged 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 Revenue Fund, the Interest Account, the Principal Account, the Reserve 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 pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on and after August 1, 20__, are subject to redemption, at the option of the Successor Agency on any date on or after August 1, 20__, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available

source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Successor Agency is required to give the Trustee written notice of its intention to redeem Bonds under this Section 2.03 of the Indenture with a designation of the principal amount and maturities to be redeemed at least sixty (60) days prior to the date fixed for such redemption (or such late date as is acceptable to the Trustee), and will transfer to the Trustee for deposit in the Revenue Fund all amounts required for such redemption at least five (5) Business Days prior to the date fixed for such redemption.

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

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.

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

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

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

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

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Successor Agency or the Trustee for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

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

This Bond 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 RIVERBANK DESIGNATED RIVERBANK AUTHORITY, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERBANK has caused this Bond to be executed in its name and on its behalf with the the manual or facsimile signature of its Executive Director or Treasurer and attested to by the the manual or facsimile signature of its Secretary or deputy Secretary, all as of the Dated Date specified above.

**RIVERBANK DESIGNATED RIVERBANK
AUTHORITY, AS SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
RIVERBANK**

By _____

Attest:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Authentication Date: February __, 2019

U.S. Bank National Association, as Trustee

By _____
Authorized Signatory

STATEMENT OF INSURANCE

[To be determined]

DRAFT

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

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

DRAFT

APPENDIX B

RECOGNIZED OBLIGATION DEBT SERVICE PAYMENT SCHEDULE

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
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DRAFT

Total	<u> \$ </u>	<u> \$ </u>	<u> \$ </u>	<u> \$ </u>
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ESCROW AGREEMENT

Dated as of February 1, 2019

by and between the

**RIVERBANK DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY TO THE
RIVERBANK REDEVELOPMENT AGENCY**

and

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

ESCROW AGREEMENT

This ESCROW AGREEMENT (this “Agreement”), dated as of February 1, 2019, by and between the RIVERBANK DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY, a public agency 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, acting as escrow agent (the “Escrow Agent”) and as trustee for the 2007 Bonds described below,

W I T N E S S E T H :

WHEREAS, the Former Agency has heretofore issued its (i) Riverbank Redevelopment Agency, Riverbank Reinvestment Project, Tax Allocation Bonds (2007 Series A) (the “Series 2007A Bonds”), and (ii) Riverbank Redevelopment Agency, Riverbank Reinvestment Project, Tax Allocation Housing Set-Aside Bonds (2007 Series B) (the “Series 2007B Bonds,” and together with the Series 2007A Bonds, the “2007 Bonds”); and

WHEREAS, the Series 2007A Bonds were issued pursuant to an Indenture of Trust (the “Series 2007A Indenture”), dated as of February 1, 2007, by and between the Former Agency and the trustee named thereunder (the “Prior Trustee”), and the Series 2007B Bonds were issued pursuant to an Indenture of Trust (the “Series 2007B Indenture,” and together with the Series 2007A Indenture, the “Prior Bond Documents”), dated as of February 1, 2007, by and between the Former Agency and the Prior Trustee; and

WHEREAS, the 2007 Bonds are subject to optional prepayment in whole, or in part on any date from any available source of funds, at a prepayment price equal to the principal amount of the 2007 Bonds to be redeemed from the proceeds of such prepayment pursuant to the Prior Bond Documents, together with accrued interest thereon to the date fixed for redemption of the 2007 Bonds, without premium; and

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 Former Agency has been dissolved and no longer exists, and pursuant to Section 34173, the Successor Agency has become the successor entity to the Former Agency; and

WHEREAS, in order to provide funds to prepay and redeem the 2007 Bonds and thereby discharge the Prior Bond Documents and the pledge and lien which secures the 2007 Bonds, the Successor Agency has authorized the issuance of its Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, Series 2019 Tax Allocation Refunding Bonds, (Riverbank Redevelopment Project), in the aggregate principal amount of \$_____ (the “2019 Bonds”) under an Indenture of Trust dated as of February 1, 2019 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “2019 Trustee”); and

WHEREAS, the Escrow Agent has been appointed by the Successor Agency as Escrow Agent hereunder for the purpose of establishing an irrevocable escrow fund to be funded, invested, held and administered for the purpose of providing for the payment and redemption of the 2007 Bonds in full on February __, 2019; and

WHEREAS, the Indenture provides for the deposit in the Escrow Fund (established pursuant to Section 1 hereof) of certain of the proceeds of the 2019 Bonds and other moneys; and

WHEREAS, the Escrow Agent has full powers to act with respect to the irrevocable escrow created herein and to perform the duties and obligations to be undertaken pursuant to this Agreement; and

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

SECTION 1. Appointment of Escrow Agent; Establishment of Escrow Fund. The Escrow Agent has been appointed by the Successor Agency and Authority to act as escrow agent hereunder for purposes of administering the funds required to pay and redeem the 2007 Bonds in accordance with the Prior Bond Documents. The effect of the deposit of funds hereunder shall be to discharge the 2007 Bonds in full under Section 10.03 of the Prior Bond Documents.

The Escrow Agent is hereby directed to establish an escrow fund (the “Escrow Fund”) to be held by the Escrow Agent as an irrevocable escrow securing the payment and redemption of the 2007 Bonds in accordance with the Prior Bond Documents.

If at any time the Escrow Agent receives actual knowledge that the cash and securities in the Escrow Fund will not be sufficient to make any payment required by Section 4, the Escrow Agent shall notify the Successor Agency and Authority of such fact and the Successor Agency and/or Authority shall immediately cure such deficiency from any source of legally available funds. The Escrow Agent has no liability for any such insufficiency.

SECTION 2. Deposit of Amounts in Escrow Fund. On February __, 2019 (the “Closing Date”), the Successor Agency and Authority shall cause to be transferred to the Escrow Agent for deposit into the Escrow Fund the amount of \$ _____ in immediately available funds, to be derived from the following sources in the following amounts:

- (a) from the proceeds of the 2019 Bonds in the amount of \$ _____; and
- (b) from certain amounts held in the accounts established under the Prior Bond Documents, in the amount of \$ _____ (the “Transmitted Proceeds”).

SECTION 3. Investment of Amounts in the Escrow Fund. The deposits into the Escrow Fund shall be applied solely as provided in this Agreement.

The Escrow Agent is hereby instructed to hold the monies deposited in the Escrow Fund uninvested as cash, and to prepay and redeem 2007 Bonds in advance of their scheduled maturities, on February __, 2019. The Escrow Agent shall assert no lien upon or right of off-set against the monies at any time on deposit in the Escrow Fund.

SECTION 4. Application of Amounts in Escrow Fund. The Successor Agency and Authority each hereby irrevocably directs the Escrow Agent, and the Escrow Agent hereby agrees, to apply the amounts on deposit in the Escrow Fund to pay and redeem the 2007 Bonds, in accordance with the following schedule:

<u>Period</u> <u>Ending</u>	<u>Principal</u> <u>Redeemed</u>	<u>Interest</u>	<u>Redemption</u> <u>Premium</u>	<u>Total</u>
02/__/2019				

Following the payment and redemption of the 2007 Bonds in full on February __, 2019, the Escrow Agent shall transfer any amounts remaining on deposit in the Escrow Fund to the Interest Account held by the 2019 Trustee to be applied to pay interest next coming due and payable on the 2019 Bonds.

SECTION 5. Irrevocable Election to Prepay and Defeas the 2007 Bonds. The Successor Agency and Authority each hereby irrevocably elect to prepay and defeas all of the 2007 Bonds on February __, 2019, in accordance with the provisions of Section 2.03 of the Prior Trust Agreement.

As provided in the Prior Bond Documents, upon deposits made with the Escrow Agent pursuant to Section 2 hereof, all liability of the Successor Agency with respect to such 2007 Bonds shall cease, terminate, and be completely discharged, and the owners thereof shall thereafter be entitled only to payment out of such money deposited with the Escrow Agent as aforesaid for their payment.

SECTION 6. Redemption Notice. The Prior Trustee is hereby instructed by the Successor Agency and Authority that at least 30 days prior to February __, 2019, it is to provide the owners of the 2007 Bonds with notice of redemption, meeting the requirements Prior Bond Documents, at the expense of the Successor Agency and/or Authority, a form sample of which is attached hereto as Exhibit A.

SECTION 7. Compensation to Escrow Agent. The Successor Agency and/or Authority shall pay the Escrow Agent full compensation for its services under this Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase, substitution or withdrawal of any securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes. The Escrow Agent has no lien upon or right of set off against the cash and securities at any time on deposit in the Escrow Fund.

The Successor Agency and Authority shall indemnify, defend and hold harmless the Escrow Agent and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby, except to the extent caused by the Escrow Agent's negligence or willful misconduct. The provisions of this Section shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

SECTION 8. Immunities and Liability of Escrow Agent. The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations

shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not have any liability hereunder except to the extent of its negligence or willful misconduct. The Escrow Agent shall not be liable for any loss from any investment made by it in accordance with the terms of this Agreement. The Escrow Agent shall not be liable for the recitals or representations contained in this Agreement and shall not be responsible for the validity of this Agreement, the sufficiency of the Escrow Fund or the moneys and securities to pay the principal of and interest on the 2007 Bonds.

Whenever in the administration of this Agreement the Escrow Agent deems it necessary or desirable that a matter be proved or established prior to taking or not taking any action, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Successor Agency and shall be full protection for any action taken or not taken by the Escrow Agent in good faith reliance thereon.

The Escrow Agent may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Agreement and shall be protected in acting, or refraining from acting, upon any notice, instruction, request, certificate, document, opinion or other writing furnished to the Escrow Agent in connection with this Agreement and believed by the Escrow Agent to be signed by the proper party, and it need not investigate any fact or matter stated therein.

None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may execute any of the duties or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

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

SECTION 9. Resignation; Appointment of Successor. The Escrow Agent may at any time resign by giving 30 days written notice of resignation to the Successor Agency and Authority. Upon receiving such notice of resignation, the Successor Agency and/or Authority shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the Successor Agency, the Authority, the resigning Escrow Agent and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be

the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

SECTION 10. Communications. The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Successor Agency or Authority elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent acts upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Successor Agency and Authority agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Escrow Agent shall furnish the Successor Agency and Authority periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the Successor Agency and/or Authority. Upon the Successor Agency's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The Successor Agency and Authority each waive the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The Successor Agency and Authority further understand that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 11. Termination of Agreement. Upon payment and redemption in full of the 2007 Bonds, and upon payment of all fees, expenses and charges of the Escrow Agent as described above, this Agreement shall terminate and the Escrow Agent shall be discharged from any further obligation or responsibility hereunder.

SECTION 12. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 13. Execution in 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.

* * * * *

IN WITNESS WHEREOF, the Successor Agency, the Authority and the Escrow Agent have each caused this Agreement to be executed by their duly authorized officers all as of the date first above written.

**RIVERBANK DESIGNATED LOCAL AUTHORITY,
AS SUCCESSOR AGENCY TO THE RIVERBANK
REDEVELOPMENT AGENCY**

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

Acknowledged By:

U.S. BANK NATIONAL ASSOCIATION,
as Prior Trustee

By: _____
Authorized Officer

DRAFT

EXHIBIT A

**CONDITIONAL NOTICE OF FULL OPTIONAL REDEMPTION
to the Holders of**

DRAFT

**REPORT TO THE RIVERBANK DESIGNATED LOCAL AUTHORITY, AS
SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY**

TO: MEMBERS OF THE DESIGNATED LOCAL AUTHORITY

FROM: MARK PERSICO, DLA STAFF

DATE: NOVEMBER 7, 2018

**SUBJECT: RESOLUTION APPROVING AN ENGAGEMENT LETTER WITH CLENDENIN
BIRD & COMPANY FOR AUDIT SERVICES IN ACCORDANCE WITH HEALTH
& SAFETY CODE SECTION 34177.3(b)**

Background and Overview:

The Riverbank Designated Local Authority, as Successor Agency of the former Riverbank Redevelopment Agency (“DLA”) desires to approve an Engagement Letter for annual audit services to complete the annual past due audits.

Pursuant to Assembly Bill No. 1X 26, as modified by Assembly Bill No. 1484 and as further modified by Senate Bill No. 107, which added Parts 1.8 and 1.85 to Division 24 of the Health and Safety Code (“Dissolution Act”), the former Riverbank Redevelopment Agency (“Former Agency”) was dissolved on February 1, 2012 and the Riverbank Designated Local Authority, as Successor Agency to the Redevelopment Agency for Riverbank (“DLA”) was vested with all authority, rights, powers, duties and obligations of the Former Agency.

Discussion:

In order to comply with the Dissolution Act and fulfill its obligations with respect to the wind down the affairs of the Former Agency, the DLA requires annual audits of its accounting records. Audited annual financial statements are also necessary for the DLA to comply with its bond covenants and other reporting requirements.

Section 34177.3(b) of the Health and Safety Code provides that a successor agency may create enforceable obligations to conduct wind-down activities of the former redevelopment agency, including acquiring necessary professional staff, and an auditor is necessary to comply with the law and work through the various issues confronting the DLA as it winds down the affairs of the Former Agency.

Previously, the DLA determined it was not prudent to complete annual audits because the 2007 tax allocation bonds issued by the Former Agency were in default and the DLA was not receiving any funding in the form of Redevelopment Property Tax Trust Fund (RPTTF) monies due to the default.

However, with the rebound in assessed property values, the DLA is in a position to move forward with refunding the 2007 tax allocation bonds. One of the steps necessary to complete

the refunding is having audited annual financial statements. The DLA, therefore, wishes to enter into an agreement with Clendenin Bird & Company for audit services for the fiscal years ending June 30, 2012 through June 30, 2018. Clendenin Bird & Company is the auditor for the City of Riverbank and has performed those services timely and professionally. Based upon their familiarity with the City, the DLA wishes to engage their professional services to complete past due audits. DLA staff will make the necessary records available and will provide a response to the audit. The anticipated cost to complete the past due audits is not to exceed \$55,000. The engagement letter is to be in such form as is customary for an audit of a successor agency, and in such form as is approved by the DLA Chair.

Recommendation:

Adopt Resolution No. 2018-005 - A Resolution of the Riverbank Designated Local Authority, as Successor Agency to the Redevelopment Agency of the City of Riverbank, approving an engagement letter with Clendenin Bird & Company for audit services in accordance with Health & Safety Code Section 34177.3(b).

Attachment:

- Engagement Letter of Clendenin Bird & Company

RESOLUTION NO. 2018-005**A RESOLUTION OF THE RIVERBANK DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY APPROVING ENGAGEMENT OF CLENDENIN BIRD & COMPANY FOR AUDIT SERVICES IN ACCORDANCE WITH HEALTH & SAFETY CODE SECTION 34177.3(b)**

WHEREAS, on June 29, 2011, the Legislature of the State of California (the "State") adopted Assembly Bill x1 26 ("AB 26"), which amended provisions of the State's Community Redevelopment Law (Health & Safety Code sections 33000 et seq.); and

WHEREAS, pursuant to AB 26 and the State Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matasantos, et al.*, which upheld AB 26 (together with AB 1484, as amended to date, the "Dissolution Law"), the former Redevelopment Agency of the City of Riverbank was dissolved on February 1, 2012; and

WHEREAS, pursuant to the Dissolution Law, the City of Riverbank declined to become the Successor Agency to the Redevelopment Agency of the City of Riverbank, and the Riverbank Designated Local Authority was established by operation of the Dissolution Law to act as Successor Agency to the Redevelopment Agency of the City of Riverbank ("Successor Agency") effective February 1, 2012; and

WHEREAS, the Dissolution Law, in Section 34177.3(b) of the Health and Safety Code, provides that a Successor Agency may create enforceable obligations to conduct wind down activities of the former Agency, including acquiring necessary professional staff; and

WHEREAS, the Successor Agency desires to approve an agreement with Clendenin Bird & Company for audit services to complete past due year-end audits; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, THE RIVERBANK DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY OF THE RIVERBANK REDEVELOPMENT AGENCY, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. The Riverbank Designated Local Authority, as Successor Agency of the Riverbank Redevelopment Agency, hereby approves engaging Clendenin Bird & Company to complete the annual past due audits of the Successor Agency for years ending June 30, 2012 through June 30, 2018, for an amount not to exceed \$55,000. The objective of the audit is to express an opinion as to whether the financial

statements of the DLA are fairly presented and in conformity with generally accepted accounting principles.

SECTION 3. Wendell Naraghi, or his designee, is hereby authorized to enter into such Agreement for audit services on behalf of the DLA and take such other actions as may be necessary in furtherance of the foregoing agreement in accordance with applicable law. The engagement letter is to be in such form as is customary for an audit of a successor agency, and in such form as is approved by the DLA chair.

SECTION 4. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

SECTION 5. This Resolution shall take effect from and after the date of its passage and adoption in accordance with, and subject to, all applicable requirements of the Dissolution Law.

PASSED, APPROVED AND ADOPTED at a special meeting of the Riverbank Designated Local Authority, as Successor Agency of the Riverbank Redvelopment Agency, held this 7th day of November 2018.

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Wendell Naraghi, Chairperson
Riverbank Designated Local Authority

ATTEST:

Mark Persico, Secretary
Riverbank Designated Local Authority

Attachment: Exhibit A

EXHIBIT A

Engagement Letter for Audit Services

Letter to be approved by the DLA Chair, per Resolution Section 3