

AGENDA

MEETING OF THE KERN COUNTYWIDE OVERSIGHT BOARD

Human Resources Test Room
1115 Truxtun Ave. 1st Floor
Bakersfield, California
Thursday, March 28, 2019

2:00 PM

All agenda item supporting documentation is available for public review in the office of the Clerk of the Board of Supervisors, 1115 Truxtun Ave., 5th Floor, Bakersfield, 93301 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

1. CALL TO ORDER:

2. PLEDGE OF ALLEGIANCE:

3. ROLL CALL

- 4. PUBLIC COMMENT:** This time has been set aside for members of the public to address the Oversight Board on any matter not on this agenda but within the subject matter jurisdiction of the Board. Although the Oversight Board values your comments, pursuant to the Brown Act, it generally cannot take any action on items not listed on the posted agenda. Speakers are limited to two minutes. Please state and spell your name before making your comments.

5. ADMINISTRATIVE ITEMS:

5.A. ADOPTION OF A RESOLUTION

RECOMMENDATION: Adopt Resolution No. 019 “A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCIES OF KERN COUNTY ADOPTING THE DESIGNATION OF AMANDA RUIZ, FISCAL AND POLICY ANALYST WITH THE COUNTY OF KERN, TO SERVE AS SECRETARY OF THE KERN COUNTY OVERSIGHT BOARD.”

5.B. ADOPTION OF A RESOLUTION:

RECOMMENDATION: Adopt Resolution No. 020 “RESOLUTION OF THE KERN COUNTYWIDE OVERSIGHT BOARD TO THE FORMER ARVIN COMMUNITY REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS BY THE SUCCESSOR AGENCY TO THE ARVIN COMMUNITY

REDEVELOPMENT AGENCY, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING THERETO”

5.C. ADOPTION OF A RESOLUTION

RECOMMENDATION: Adopt Resolution No. 021 “RESOLUTION OF THE KERN COUNTYWIDE OVERSIGHT BOARD APPROVING THE EXECUTION AND DELIVERY OF AMENDMENT NO. 1 TO THE REIMBURSEMENT AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY AND THE CITY OF TAFT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH”

5.D. ADOPTION OF A RESOLUTION

RECOMMENDATION: Adopt Resolution No. 022 “RESOLUTION OF THE KERN COUNTYWIDE OVERSIGHT BOARD APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY AND THE TAFT PUBLIC FINANCING AUTHORITY AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH”

6. BOARD MEMBER COMMENTS OR ANNOUNCEMENTS:

7. ADJOURNMENT:

**Americans with Disabilities Act
(Government Code Section 54954.2)**

The Human Resources Test Room is accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the Board of Supervisors may request assistance at the Clerk of the Board of Supervisors, Fifth Floor, 1115 Truxtun Avenue, Bakersfield, California or by calling (661) 868-3585. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.



Kern Countywide Oversight Board

Staff Report

Date: March 28, 2019
To: Members of the Oversight Board
From: Karneena Morales, Staff
Subject: Designation of Secretary Function on Behalf of Oversight Board

RECOMMENDATION

It is recommended that the Oversight Board approve Resolution No. 019 to designate Amanda Ruiz, Fiscal and Policy Analyst with the County of Kern, to serve as the new Secretary of the Kern Countywide Oversight Board.

EXECUTE SUMMARY

The Kern Countywide Oversight Board Bylaws call for the Secretary function to be handled by the staff of the County. Karneena Morales currently serves as the Secretary of the Kern Countywide Oversight Board, and she is unable to serve as Secretary.

The Secretary functions enumerated in the Bylaws include: keeping the official records of the Oversight Board; prepare agendas at the direction of the Chairperson; ensure audio recording of meetings; and attest and/or countersign all documents of the Oversight Board.

It is recommended that the Oversight Board approve Resolution No. 019 designating Fiscal and Policy Analyst with the County of Kern, Amanda Ruiz, to perform the functions of Secretary for the Oversight Board.

BEFORE THE KERN COUNTYWIDE OVERSIGHT BOARD

In the matter of:

Resolution No.

RESOLUTION DESIGNATING THE NEW SECRETARY FUNCTION ON BEHALF OF THE OVERSIGHT BOARD.

I, _____, Secretary on behalf of the Oversight Board, do certify that the following resolution, on motion of Director _____, seconded by Director _____, was duly passed and adopted by the Board of Directors at an official meeting this _____ day of _____, 2019, by the following vote:

AYES:

NOES: None

ABSENT: None

Secretary on behalf of the Oversight Board
Kern Countywide Oversight Board

RESOLUTION

Section 1. WHEREAS:

- (a) The Board requires a Secretary.
- (b) Karneena Morales, Fiscal and Policy Analyst with the County of Kern, currently serves as Secretary of the Kern Countywide Oversight Board. Ms. Morales is no longer able to serve as Secretary.
- (c) Amanda Ruiz has such skills and qualifications as is appropriate to serve as the new Secretary of the Board.

Section 2. THEREFORE IT IS RESOLVED by the Board of Directors of the Kern Countywide Oversight Board, as follows:

- 1. This Board finds that the recited facts are true and that it has the jurisdiction to consider, approve, and adopt this Resolution.
- 2. This Board hereby appoints Amanda Ruiz, Fiscal and Policy Analyst with the

County of Kern, to serve as Secretary to the Kern Countywide Oversight Board.

Staff Report

RESOLUTION OF THE KERN COUNTYWIDE OVERSIGHT BOARD APPROVING THE ISSUANCE OF REFUNDING BONDS BY THE SUCCESSOR AGENCY TO THE ARVIN COMMUNITY REDEVELOPMENT AGENCY, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING THERETO

Honorable Board Members:

Recommendation

The Successor Agency to the Arvin Community Redevelopment Agency (the “Successor Agency”) approved a resolution on March 12, 2019 authorizing the refunding of the Arvin Community Redevelopment Agency (the “Former Agency”) Series 2005 Tax Allocation Bonds (Arvin Redevelopment Project) (Bank Qualified) in the aggregate principal amount of \$6,250,000 (the “2005 Bonds”), and Series 2008 Tax Allocation Parity Bonds (Arvin Redevelopment Project) (Bank Qualified) in the aggregate principal amount of \$3,530,000 (the “2008 Bonds”), (the 2005 Bonds and together with the 2008 Bonds, the “Prior Bonds”) (the “Refunding Bonds”). It is recommended that the Kern Countywide Oversight Board (the “Oversight Board”) approve the proposed resolution approving the issuance of Refunding Bonds by the Successor Agency. Oversight Board approval of their resolution will be subject to review and approval by the California Department of Finance.

The Successor Agency’s Municipal Financial Advisor, Bill Fawell of W. J. Fawell Co., Public Finance (the “Municipal Advisor”) and Bond Underwriter, Jerry Liang of Alamo Capital (the “Bond Underwriter”), will attend the Oversight Board’s March 28, 2019 meeting.

Background

The California Supreme Court's upholding of Assembly Bill x1 26 ("ABx1 26") on December 29, 2011 resulted in the deliberate statutory demise of all redevelopment agencies active in the State of California. This legislation enabled the formation of the Successor Agency, which has the responsibility to wind down outstanding obligations and affairs, including fulfilling the legally enforceable obligations of the Former Agency.

Assembly Bill 1484 (AB 1484) is a follow-on legislative act that was passed on June 27, 2012 by the State Legislature to clarify and better organize certain procedures created by AB x1 26. AB 1484 permits the Successor Agency to refund outstanding bonds or other obligations of a former redevelopment agency under circumstances outlined in Health & Safety Code Section 34177.5(a)(1):

"For the purpose of issuing bonds or incurring other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency or of the successor

agency to provide savings to the successor agency, provided that (A) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (B) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance."

In other words, the Successor Agency may not issue bonds that would increase the overall cost of the bond or take additional proceeds even if it could do so under the cap on overall cost.

The Prior Bonds were issued to finance the construction and acquisition of capital improvements to benefit the Arvin Redevelopment Project. Projects funded included street and utility improvements, park improvements, low and moderate income housing, underground utilities and various community enhancement projects.

The below chart represents the outstanding par of the Prior Bonds and the approximate remaining average coupon.

	Series 2005 Bonds	Series 2008 Bonds	Total
Dated Date	October 6, 2005	August 27, 2008	
Original Par	\$6,250,000	\$3,530,000	\$9,780,000
Outstanding Par (As of 3/1/19)	\$4,545,000	\$3,165,000	\$7,710,000
Remaining Average Coupon	5.110%	6.500%	
Final Maturity	September 1, 2035	September 1, 2038	

Working with the Successor Agency's Municipal Advisor, and Bond Underwriter, staff estimates that refinancing the Prior Bonds will generate net present value savings at \$1,608,856 or 20.867% of the principal amount of refunded bonds. The estimated savings consider estimated costs of issuance of \$500,300 and represent professional fees payable to the Bond Underwriter, Bond Counsel, Disclosure Counsel, Municipal Advisor, Fiscal Consultant, Verification Agent, Bond Insurance, Trustee, reimbursing the City of Arvin for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds and other costs related to the issuance of the Refunding Bonds. Majority of the fees associated with issuing the Refunding Bonds will be paid from bond proceeds and contingent upon closing of the transaction. These savings will increase the amount of "residual" property tax (or tax increment) available to be redistributed to other taxing agencies under Section 34183.

Analysis

This Analysis will assume one issue of the Successor Agency; (1) Tax Allocation Tax-Exempt Refunding Bonds, Series 2019 (the “Series 2019 Refunding Bonds”), that will refund the Prior Bonds on a tax-exempt basis as the Successor Agency shall determine is necessary to comply with Federal tax laws. Bond Counsel is in the process of determining that Prior Bonds can be refunded on a tax-exempt basis. In accordance with Government Code Section 5852.1, the following information, based on good-faith estimates provided by the Municipal Advisor, has been obtained and disclosed to the Successor Agency prior to the issuance of the Series 2019 Refunding Bonds: (i) the estimated true interest cost of the Series 2019 Refunding Bonds is 3.343%, (ii) the estimated finance charge of the Series 2019 Refunding Bonds (being the sum of all fees and charges paid to third parties) is \$500,300, (iii) the estimated proceeds of the Series 2019 Refunding Bonds expected to be received, net of proceeds for finance charges in (ii) above to paid from the principal amount of the Series 2019 Refunding Bonds is \$7,874,475, and (iv) the estimated total payment amount of the Series 2019 Refunding Bonds (being the sum of debt service to be paid to final maturity, plus any financing costs not paid from proceeds of the Series 2019 Refunding Bonds) is \$10,308,620.

The below chart represents the sources and uses of funds and the estimated all-in cost of the Series 2019 Refunding Bonds.

SERIES 2019 (REFUND PRIOR BONDS)	
Sources of Funds	
Par Amount of Bonds	\$7,260,000
Reoffering Premium	\$364,340
Transfers from Prior Issue DSR Funds	\$755,314
Total Sources	\$8,379,653
Uses of Funds	
Cost of Issuance	285,000
Underwriter’s Discount	108,900
Surety Bond @ 10% of DSRF	54,856
Bond Insurance @ 50 bps	51,543
Deposit to Refunding Fund	7,874,475
Rounding Amount	4,880
Total Uses	\$8,379,653
All Inclusive Cost (AIC)	3.95%

After the refinancing, the Successor Agency will generate additional residual funds available to the taxing entities in furtherance of the goals of redevelopment agency dissolution. The below charts provide the annual savings and details of the economics.

Date	SERIES 2019 D/S	PRIOR BOND D/S	BUDGETARY SAVINGS	PV Factor @ 3.9516061%	Gross PV
9/1/2019	-	\$442,688	\$442,688	0.9952288	\$440,575
9/1/2020	\$542,989	\$659,400	\$116,411	0.9570368	\$112,089
9/1/2021	\$544,356	\$662,363	\$118,006	0.9203105	\$109,857
9/1/2022	\$548,556	\$664,038	\$115,481	0.8849936	\$103,385
9/1/2023	\$542,156	\$659,888	\$117,731	0.8510319	\$101,309
9/1/2024	\$545,556	\$660,238	\$114,681	0.8183735	\$94,901
9/1/2025	\$540,306	\$659,763	\$119,456	0.7869684	\$95,015
9/1/2026	\$539,556	\$658,463	\$118,906	0.7567685	\$90,948
9/1/2027	\$543,056	\$661,031	\$117,975	0.7277275	\$86,774
9/1/2028	\$540,556	\$657,506	\$116,950	0.6998009	\$82,719
9/1/2029	\$542,306	\$658,144	\$115,838	0.6729460	\$78,789
9/1/2030	\$543,056	\$657,688	\$114,631	0.6471217	\$74,977
9/1/2031	\$545,906	\$661,138	\$115,231	0.6222884	\$72,415
9/1/2032	\$547,781	\$663,169	\$115,388	0.5984081	\$69,672
9/1/2033	\$539,188	\$658,850	\$119,663	0.5754441	\$69,397
9/1/2034	\$539,888	\$658,438	\$118,550	0.5533615	\$66,058
9/1/2035	\$544,531	\$661,606	\$117,075	0.5321262	\$62,678
9/1/2036	\$538,500	\$658,100	\$119,600	0.5117058	\$61,501
9/1/2037	\$541,525	\$657,675	\$116,150	0.4920691	\$57,354
9/1/2038	\$538,850	\$654,975	\$116,125	0.4731859	\$55,047
Total	\$10,308,620	\$12,975,156	\$2,666,536	-	\$1,985,460

PV Analysis Summary	
Gross PV Debt Service Savings	\$1,985,460
Transfers from Prior Issue DSR Fund	(381,484)
Contingency or Rounding Amount	4,880
Net Present Value Benefit	\$1,608,856
Net PV Benefit / Refunded Principal	20.867%

Refunding the Prior Bonds and reducing the cost of debt service is consistent with the goals and objectives of the Dissolution Act. It has the effect of:

- Reducing the costs of the Successor Agency; and
- Generating additional funds to the taxing entities immediately.

Insured "AA" Rating			
Taxing Entities	Allocation	Average Annual Savings	Total Budgetary Savings
County General Fund	15.779%	\$ 21,038	\$ 420,753
County Advertising	0.070%	93	1,867
County Fire Fund	9.898%	13,197	263,934
Arvin General Fund	5.115%	6,820	136,393
ERAF	13.315%	17,752	355,049
South Kern Cemetery	0.449%	599	11,973
Kern Vector Cont.	0.845%	1,127	22,532
Bear Mountain Recreation & Park	2.533%	3,377	67,543
Kern County Water Agency	0.672%	896	17,919
Arvin Union	21.768%	29,023	580,452
Di Giorgio	0.000%	-	-
Kern Joint Union High	21.166%	28,220	564,399
Kern Joint Community College	6.335%	8,446	168,925
Education	2.053%	2,737	54,744
Total	100.00%	\$ 133,327	\$ 2,666,536

The process for refinancing is expected to take approximately 4 months from the date of the March 28, 2019 Oversight Board Meeting. This includes the maximum review period (65-days) by the Department of Finance and Successor Agency approval of the Preliminary Official Statement. On March 12, 2019, the Successor Agency adopted a resolution authorizing the issuance of the Series 2019 Refunding Bonds, approving the financing documents, requesting approval from the Oversight Board, and providing for other matters properly relating thereto. On March 28, 2019 the Oversight Board will be asked to approve the actions of the Successor Agency to issue the Series 2019 Refunding Bonds.

The refunding process is projected to close on or before July 17, 2019 as summarized in the financing schedule below, although this is dependent on market conditions and other factors.

Financing Schedule

March 12, 2019	Successor Agency Meeting to adopt Resolution approving Financing Documents
March 28, 2019	Oversight Board Meeting to direct Successor Agency to proceed with refunding
April 2, 2019	- Submit Oversight Board Resolution and Documents to Department of Finance - Start of 65-day Department of Finance Review Period
May 28, 2019	Successor Agency Meeting to adopt Resolution approving Preliminary Official Statement
June 6, 2019	End of Department of Finance Review Period
June 26, 2019	Pricing of the Bonds and sign Bond Purchase Contract
July 17, 2019	Closing of the 2019 Bonds

Fiscal Impact

The increase in the residual property tax (or tax increment) that gets distributed to all the taxing entities will increase by approximately \$115,000 each year over the 19 years that the Series 2019 Refunding Bonds will be outstanding after all costs associated with the issuance of the Series 2019 Refunding Bonds have been paid. These costs have been conservatively estimated at \$500,300, which includes fees of the Bond Underwriter, Bond Counsel, Disclosure Counsel, Municipal Advisor, Fiscal Consultant, Verification Agent, Bond Insurance, Trustee, reimbursing the City of Arvin for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Series 2019 Refunding Bonds and other costs related to the issuance of the Series 2019 Refunding Bonds. Majority of the fees associated with issuing the Series 2019 Refunding Bonds will be paid from bond proceeds and contingent upon closing of the transaction.

Recommendation

1. Approve Resolution of the Kern Countywide Oversight Board, approving the issuance of refunding bonds by the Successor Agency to the Arvin Community Redevelopment Agency of the City of Arvin, making certain determinations with respect to the refunding bonds and providing for other matters relating thereto.

Attachments

1. Full Quantitative Analysis of Refunding Savings
2. Copy of Resolution No. 2019-17, adopted by the Successor Agency to the Arvin Community Redevelopment Agency on March 12, 2019 approving the issuance of refunding bonds and providing for other matters thereto.

Successor Agency Staff Contact:

Jeff Jones, Finance Director, City of Arvin
(661) 854-3134; jeffjones@arvin.org

ATTACHMENT 1

FULL QUANTITATIVE ANALYSIS OF REFUNDING SAVINGS

\$7,260,000

Successor Agency to the Arvin Community Redevelopment Agency
2019 Tax Allocation Refunding Bonds (Bank Qualified)
Public Sale - Insured with Surety Bond

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\$7,260,000

Successor Agency to the Arvin Community Redevelopment Agency
2019 Tax Allocation Refunding Bonds (Bank Qualified)
Public Sale - Insured with Surety Bond

Refunding Summary

Dated 07/17/2019 | Delivered 07/17/2019

Sources Of Funds

Par Amount of Bonds	\$7,260,000.00
Reoffering Premium	364,339.65
Transfers from Prior Issue DSR Funds	755,313.76

Total Sources **\$8,379,653.41**

Uses Of Funds

Total Underwriter's Discount (1.500%)	108,900.00
Costs of Issuance	285,000.00
Gross Bond Insurance Premium (50.0 bp)	51,543.10
Surety Bond Fee	54,855.63
Deposit to Current Refunding Fund	7,874,475.00
Rounding Amount	4,879.68

Total Uses **\$8,379,653.41**

Flow of Funds Detail

State and Local Government Series (SLGS) rates for
Date of OMP Candidates

Current Refunding Escrow Solution Method	Net Funded
Total Cost of Investments	\$7,874,475.00
Total Draws	\$7,874,475.00

Issues Refunded And Call Dates

Series 2005	7/17/2019
Series 2008	7/17/2019

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 3.952%(AIC)	1,603,976.16
Contingency or Rounding Amount	4,879.68
Net Present Value Benefit	\$1,608,855.84

Net PV Benefit / \$7,710,000 Refunded Principal	20.867%
Net PV Benefit / \$7,260,000 Refunding Principal	22.161%
Average Annual Cash Flow Savings	95,561.12
Total New Net D/S	10,308,620.07
Total Prior D/S	12,219,842.54
Total Cashflow Savings	1,911,222.47

Bond Statistics

Average Life	11.333 Years
Average Coupon	3.7052976%

Net Interest Cost (NIC)	3.3948359%
Bond Yield for Arbitrage Purposes	3.3389487%
True Interest Cost (TIC)	3.3426939%
All Inclusive Cost (AIC)	3.9516061%

Series 2019 - Public Offer | SINGLE PURPOSE | 1/31/2019 | 8:13 AM

\$7,260,000

Successor Agency to the Arvin Community Redevelopment Agency
2019 Tax Allocation Refunding Bonds (Bank Qualified)
Public Sale - Insured with Surety Bond

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/01/2019	-	-	-	-
09/01/2020	225,000.00	4.000%	317,988.69	542,988.69
09/01/2021	270,000.00	4.000%	274,356.26	544,356.26
09/01/2022	285,000.00	4.000%	263,556.26	548,556.26
09/01/2023	290,000.00	4.000%	252,156.26	542,156.26
09/01/2024	305,000.00	5.000%	240,556.26	545,556.26
09/01/2025	315,000.00	5.000%	225,306.26	540,306.26
09/01/2026	330,000.00	5.000%	209,556.26	539,556.26
09/01/2027	350,000.00	5.000%	193,056.26	543,056.26
09/01/2028	365,000.00	5.000%	175,556.26	540,556.26
09/01/2029	385,000.00	5.000%	157,306.26	542,306.26
09/01/2030	405,000.00	3.000%	138,056.26	543,056.26
09/01/2031	420,000.00	3.125%	125,906.26	545,906.26
09/01/2032	435,000.00	3.125%	112,781.26	547,781.26
09/01/2033	440,000.00	3.250%	99,187.50	539,187.50
09/01/2034	455,000.00	3.375%	84,887.50	539,887.50
09/01/2035	475,000.00	3.375%	69,531.26	544,531.26
09/01/2036	485,000.00	3.500%	53,500.00	538,500.00
09/01/2037	505,000.00	3.500%	36,525.00	541,525.00
09/01/2038	520,000.00	3.625%	18,850.00	538,850.00
Total	\$7,260,000.00	-	\$3,048,620.07	\$10,308,620.07

Yield Statistics

Bond Year Dollars	\$82,277.33
Average Life	11.333 Years
Average Coupon	3.7052976%
Net Interest Cost (NIC)	3.3948359%
True Interest Cost (TIC)	3.3426939%
Bond Yield for Arbitrage Purposes	3.3389487%
All Inclusive Cost (AIC)	3.9516061%

IRS Form 8038

Net Interest Cost	3.1715740%
Weighted Average Maturity	11.101 Years

\$7,260,000

Successor Agency to the Arvin Community Redevelopment Agency
2019 Tax Allocation Refunding Bonds (Bank Qualified)
Public Sale - Insured with Surety Bond

PROOF OF GROSS D/S SAVINGS @ 3.9516061%

Date	NEW GROSS D/S	OLD GROSS D/S	SAVINGS	PV Factor	Present Value
09/01/2019	-	442,687.50	442,687.50	0.9952288x	440,575.34
09/01/2020	542,988.69	659,400.00	116,411.31	0.9570368x	112,088.55
09/01/2021	544,356.26	662,362.50	118,006.24	0.9203105x	109,857.10
09/01/2022	548,556.26	664,037.50	115,481.24	0.8849936x	103,384.65
09/01/2023	542,156.26	659,887.50	117,731.24	0.8510319x	101,308.96
09/01/2024	545,556.26	660,237.50	114,681.24	0.8183735x	94,900.53
09/01/2025	540,306.26	659,762.50	119,456.24	0.7869684x	95,014.74
09/01/2026	539,556.26	658,462.50	118,906.24	0.7567685x	90,948.22
09/01/2027	543,056.26	661,031.26	117,975.00	0.7277275x	86,773.69
09/01/2028	540,556.26	657,506.26	116,950.00	0.6998009x	82,719.37
09/01/2029	542,306.26	658,143.76	115,837.50	0.6729460x	78,788.96
09/01/2030	543,056.26	657,687.50	114,631.24	0.6471217x	74,977.12
09/01/2031	545,906.26	661,137.50	115,231.24	0.6222884x	72,415.46
09/01/2032	547,781.26	663,168.76	115,387.50	0.5984081x	69,671.83
09/01/2033	539,187.50	658,850.00	119,662.50	0.5754441x	69,397.22
09/01/2034	539,887.50	658,437.50	118,550.00	0.5533615x	66,057.74
09/01/2035	544,531.26	661,606.26	117,075.00	0.5321262x	62,677.56
09/01/2036	538,500.00	658,100.00	119,600.00	0.5117058x	61,501.30
09/01/2037	541,525.00	657,675.00	116,150.00	0.4920691x	57,353.86
09/01/2038	538,850.00	654,975.00	116,125.00	0.4731859x	55,047.47
Total	\$10,308,620.07	\$12,975,156.30	\$2,666,536.23	-	\$1,985,459.69

\$7,260,000

Successor Agency to the Arvin Community Redevelopment Agency
2019 Tax Allocation Refunding Bonds (Bank Qualified)
Public Sale - Insured with Surety Bond

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
09/01/2019	-	-	442,687.50	442,687.50
09/01/2020	542,988.69	542,988.69	659,400.00	116,411.31
09/01/2021	544,356.26	544,356.26	662,362.50	118,006.24
09/01/2022	548,556.26	548,556.26	664,037.50	115,481.24
09/01/2023	542,156.26	542,156.26	659,887.50	117,731.24
09/01/2024	545,556.26	545,556.26	660,237.50	114,681.24
09/01/2025	540,306.26	540,306.26	659,762.50	119,456.24
09/01/2026	539,556.26	539,556.26	658,462.50	118,906.24
09/01/2027	543,056.26	543,056.26	661,031.26	117,975.00
09/01/2028	540,556.26	540,556.26	657,506.26	116,950.00
09/01/2029	542,306.26	542,306.26	658,143.76	115,837.50
09/01/2030	543,056.26	543,056.26	657,687.50	114,631.24
09/01/2031	545,906.26	545,906.26	661,137.50	115,231.24
09/01/2032	547,781.26	547,781.26	663,168.76	115,387.50
09/01/2033	539,187.50	539,187.50	658,850.00	119,662.50
09/01/2034	539,887.50	539,887.50	658,437.50	118,550.00
09/01/2035	544,531.26	544,531.26	253,062.50	(291,468.76)
09/01/2036	538,500.00	538,500.00	658,100.00	119,600.00
09/01/2037	541,525.00	541,525.00	657,675.00	116,150.00
09/01/2038	538,850.00	538,850.00	308,205.00	(230,645.00)
Total	\$10,308,620.07	\$10,308,620.07	\$12,219,842.54	\$1,911,222.47

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	1,985,459.69
Effects of changes in DSR investments	(381,483.52)
Net PV Cashflow Savings @ 3.952%(AIC)	1,603,976.16
Contingency or Rounding Amount	4,879.68
Net Present Value Benefit	\$1,608,855.84
Net PV Benefit / \$7,710,000 Refunded Principal	20.867%
Net PV Benefit / \$7,260,000 Refunding Principal	22.161%

Refunding Bond Information

Refunding Dated Date	7/17/2019
Refunding Delivery Date	7/17/2019

\$7,260,000

Successor Agency to the Arvin Community Redevelopment Agency
2019 Tax Allocation Refunding Bonds (Bank Qualified)
Public Sale - Insured with Surety Bond

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
09/01/2020	Serial Coupon	4.000%	1.750%	225,000.00	102.487%	-	-	-	230,595.75
09/01/2021	Serial Coupon	4.000%	1.830%	270,000.00	104.495%	-	-	-	282,136.50
09/01/2022	Serial Coupon	4.000%	1.930%	285,000.00	106.241%	-	-	-	302,786.85
09/01/2023	Serial Coupon	4.000%	2.090%	290,000.00	107.504%	-	-	-	311,761.60
09/01/2024	Serial Coupon	5.000%	2.210%	305,000.00	113.439%	-	-	-	345,988.95
09/01/2025	Serial Coupon	5.000%	2.340%	315,000.00	115.087%	-	-	-	362,524.05
09/01/2026	Serial Coupon	5.000%	2.470%	330,000.00	116.427%	-	-	-	384,209.10
09/01/2027	Serial Coupon	5.000%	2.610%	350,000.00	117.387%	-	-	-	410,854.50
09/01/2028	Serial Coupon	5.000%	2.760%	365,000.00	117.952%	-	-	-	430,524.80
09/01/2029	Serial Coupon	5.000%	2.920%	385,000.00	118.111%	-	-	-	454,727.35
09/01/2030	Serial Coupon	3.000%	3.100%	405,000.00	99.063%	-	-	-	401,205.15
09/01/2031	Serial Coupon	3.125%	3.180%	420,000.00	99.448%	-	-	-	417,681.60
09/01/2032	Serial Coupon	3.125%	3.220%	435,000.00	98.987%	-	-	-	430,593.45
09/01/2033	Serial Coupon	3.250%	3.270%	440,000.00	99.772%	-	-	-	438,996.80
09/01/2034	Serial Coupon	3.375%	3.360%	455,000.00	100.125% c	3.364%	09/01/2029	100.000%	455,568.75
09/01/2035	Serial Coupon	3.375%	3.460%	475,000.00	98.953%	-	-	-	470,026.75
09/01/2036	Serial Coupon	3.500%	3.540%	485,000.00	99.486%	-	-	-	482,507.10
09/01/2037	Serial Coupon	3.500%	3.620%	505,000.00	98.412%	-	-	-	496,980.60
09/01/2038	Serial Coupon	3.625%	3.700%	520,000.00	98.975%	-	-	-	514,670.00
Total	-	-	-	\$7,260,000.00	-	-	-	-	\$7,624,339.65

Bid Information

Par Amount of Bonds	\$7,260,000.00
Reoffering Premium or (Discount)	364,339.65
Gross Production	\$7,624,339.65
Total Underwriter's Discount (1.500%)	\$(108,900.00)
Bid (103.518%)	7,515,439.65
Total Purchase Price	\$7,515,439.65
Bond Year Dollars	\$82,277.33
Average Life	11.333 Years
Average Coupon	3.7052976%
Net Interest Cost (NIC)	3.3948359%
True Interest Cost (TIC)	3.3426939%

ATTACHMENT 2

**COPY OF RESOLUTION NO. 2019-17, ADOPTED BY THE SUCCESSOR AGENCY TO
THE ARVIN COMMUNITY REDEVELOPMENT AGENCY ON MARCH 12, 2019
APPROVING THE ISSUANCE OF REFUNDING BONDS AND PROVIDING FOR
OTHER MATTERS THERETO**

RESOLUTION NO. 2019-17

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE ARVIN COMMUNITY REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE FORMER ARVIN COMMUNITY REDEVELOPMENT AGENCY, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST RELATING THERETO, REQUESTING APPROVAL BY THE COUNTYWIDE OVERSIGHT BOARD FOR THE COUNTY OF KERN OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE COUNTYWIDE OVERSIGHT BOARD FOR THE COUNTY OF KERN, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the Arvin Community Redevelopment Agency (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”);

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 as a public body, corporate and politic, and pursuant to Section 34173, the Successor Agency to the Arvin Community Redevelopment Agency (the “Successor Agency”) has become the successor entity to the Former Agency;

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued its Arvin Community Redevelopment Agency Arvin Redevelopment Project 2005 Tax Allocation Bonds in the aggregate principal amount of \$6,250,000 (the “2005 Bonds”) for the purpose of providing funds to finance redevelopment activities with respect to the Arvin Redevelopment Project;

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued its Arvin Community Redevelopment Agency Tax Allocation Parity Bonds (Arvin Redevelopment Project Area) Series 2008 (Bank Qualified) in the aggregate principal amount of \$3,530,000 (the “2008 Bonds” and together with the 2005 Bonds, the “Prior Bonds”) for the purpose of providing funds to finance redevelopment activities with respect to the Arvin Redevelopment Project;

WHEREAS, the Agency desires to refund the Prior Bonds to effectuate debt service savings;

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

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its Successor Agency to the Arvin Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2019 (the "Refunding Bonds"), the Successor Agency has caused its municipal advisor, W.J. Fawell Co. Public Finance (the "Municipal Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the Prior Bonds (the "Debt Service Savings Analysis");

WHEREAS, the Successor Agency desires at this time to approve the issuance of the Refunding Bonds and to approve the form of and authorize the execution and delivery of the Indenture of Trust, by and between the Successor Agency and Wells Fargo Bank, National Association, as trustee, providing for the issuance of the Refunding Bonds (the "Indenture"), and an Escrow Agreement by and between the Successor Agency and Wells Fargo Bank, National Association, as escrow agent, for the purpose of establishing an escrow to refund the Prior Bonds (the "Escrow Agreement");

WHEREAS, pursuant to Section 34179, the Countywide Oversight Board for the County of Kern (the "Oversight Board") has been established;

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

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

NOW THEREFORE BE IT RESOLVED, by the Successor Agency to the Arvin Community Redevelopment Agency as follows:

Section 1. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to provide funds to refund and defease the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency, which Debt Service Savings Analysis is hereby approved.

Section 2. Approval of Issuance of Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Law and the Refunding Law in the aggregate principal amount of not to exceed \$8,500,000, provided that the Refunding Bonds are in compliance with the Savings Parameters at the time of their sale and delivery. The Refunding Bonds may be issued as a single series, or in two or more separate series, each of which may be issued on a taxable or tax-exempt basis, as the Successor Agency shall determine is necessary to comply with Federal tax laws. The Refunding Bonds may be issued via private

placement or public offering, as determined by Successor Agency staff, in consultation with the Successor Agency's Municipal Advisor and Aleshire & Wynder, LLP, Bond Counsel. The approval of the issuance of the Refunding Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of Refunding Bonds and the sale of the Refunding Bonds.

Section 3. Approval of Indenture. The Successor Agency hereby approves the Indenture prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. Each of the Mayor, the City Manager of the City and the Finance Director of the City, on behalf of the Successor Agency (each, an "Authorized Officer"), is hereby authorized and directed to execute and deliver, and the City Clerk of the City, on behalf of the Successor Agency, is hereby authorized and directed to attest to, the Indenture for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Successor Agency, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The Successor Agency hereby authorizes the delivery and performance of the Indenture.

Section 4. Bond Purchase Agreement. The Successor Agency hereby approves the Bond Purchase Agreement ("Bond Purchase Agreement"), by and between the Successor Agency and Alamo Capital, a California corporation, as underwriter, prescribing the provisions for purchase and sale of the Refunding Bonds. Each Authorized Officer is hereby authorized and directed to execute and deliver, and the City Clerk, as the secretary of the Successor Agency, is hereby authorized and directed to attest to, the Bond Purchase Agreement for and in the name and on behalf of the Successor Agency, in substantially the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer shall approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. The Successor Agency hereby authorizes the delivery and performance of the Bond Purchase Agreement.

Section 5. Approval of Escrow Agreement. The form of the Escrow Agreement on file with the Successor Agency is hereby approved and the Authorized Officers are, each acting alone hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Escrow Agreement.

Section 6. Oversight Board Approval of the Issuance of the Bonds. 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 the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1), this Resolution and the Indenture.

Section 7. Determinations by the Oversight Board. The Successor Agency requests that the

Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of all or a portion of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the Kern County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34183(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as 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. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings of the Refunding Bonds from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

Section 8. Filing of Debt Service Savings Analysis and Resolution. The Successor Agency is hereby authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j), with the Kern County Administrative Officer, the Kern County Auditor-Controller and the California Department of Finance.

Section 9. Issuance of Refunding Bonds in Whole or in Part. It is the intent of the Successor Agency to sell and deliver the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the Refunding Bonds to refund the Prior Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then a refunding of the Prior Bonds in part; provided that the Refunding Bonds so sold and delivered are in compliance with the Savings Parameters. In the case of a refunding in part, portions of the Prior Bonds will remain outstanding on the same lien or a senior lien to the Refunding Bonds. The Successor Agency is authorized to amend the authorizing documents for the Prior Bonds to the extent of a refunding in part in a form approved and executed by an Authorized Officer. The sale and delivery of the Refunding Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the Refunding

Bonds that meet the Savings Parameters. In the event the Refunding Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the Refunding Bonds without the prior approval of the Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

Section 10. Municipal Bond Insurance and Reserve Fund Insurance Policy. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy for the Refunding Bonds and a debt service reserve fund insurance policy for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with the Municipal Advisor, that such municipal bond insurance policy and/or debt service reserve fund insurance policy will reduce the true interest costs with respect to the Refunding Bonds.

Section 11. Preparation of Official Statement. If a public offering is chosen, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of Jones Hall, Disclosure Counsel, the Fiscal Consultant and the Municipal Advisor, cause to be prepared a form of Official Statement for the Refunding Bonds describing the Refunding Bonds and containing material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency at a future public meeting for approval for distribution by Alamo Capital, as underwriter, to persons and institutions interested in purchasing the Refunding Bonds.

Section 12. Official Actions. The Authorized Officers 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 Refunding 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 13. Effective Date. This Resolution shall take effect from and after the date of approval and adoption thereof.

Section 14. Book of Original Resolutions. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

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I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Arvin at a regular meeting thereof held on the 12th day of March 2019 by the following vote:

AYES: AM Martinez, AM Trujillo, AM Franetovich, AM Robles, Chair Gurrola

NOES: _____

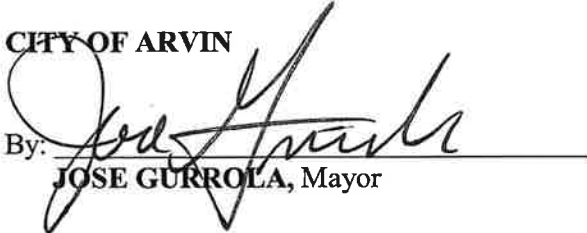
ABSTAIN: _____

ABSENT: _____

ATTEST


CECILIA VELA, City Clerk

CITY OF ARVIN

By: 

JOSE GURROLA, Mayor

APPROVED AS TO FORM:

By: 

SHANNON L. CHAFFIN, City Attorney
Aleshire & Wynder, LLP

I, , City Clerk of the City of Arvin, California, **DO HEREBY**

CERTIFY that the foregoing is a true and accurate copy of the Resolution passed and adopted by the City Council of the City of Arvin on the date and by the vote indicated herein.

BEFORE THE KERN COUNTYWIDE OVERSIGHT BOARD

In the matter of:

Resolution No. _____

RESOLUTION OF THE KERN COUNTYWIDE OVERSIGHT BOARD TO THE FORMER ARVIN COMMUNITY REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS BY THE SUCCESSOR AGENCY TO THE ARVIN COMMUNITY REDEVELOPMENT AGENCY, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING THERETO

I, _____, Secretary on behalf of the Oversight Board, do certify that the following resolution, on motion of Director _____, seconded by Director _____, was duly passed and adopted by the Board of Directors at an official meeting this _____ day of _____, 2019, by the following vote:

AYES:

NOES: None

ABSENT: None

Secretary on behalf of the Oversight Board
Kern Countywide Oversight Board

RESOLUTION

Section 1. WHEREAS:

(a) The Arvin Community Redevelopment Agency (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

(b) 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 to the Arvin Community Redevelopment Agency (the “**Successor Agency**”) has become the successor entity to the Former Agency; and

(c) Pursuant to Section 34179, this Countywide Oversight Board for the County of Kern (this “Oversight Board”) has been established; and

(d) Prior to the dissolution of the Former Agency, the Former Agency issued its Arvin Community Redevelopment Agency Arvin Redevelopment Project 2005 Tax Allocation Bonds in the aggregate principal amount of \$6,250,000 (the “**2005 Bonds**”) for the purpose of providing funds to finance redevelopment activities with respect to the Arvin Redevelopment Project; (e) Among the properties owned by the Successor Agency and listed for sale in the LRPMP is that certain real property located at 1029 E. California Avenue, Bakersfield, CA 93307, identified as Assessor Parcel Number 018-040-70-00 (the “**Property**”); and

(f) Prior to the dissolution of the Former Agency, the Former Agency also previously issued its Arvin Community Redevelopment Agency Tax Allocation Parity Bonds (Arvin Redevelopment Project Area) Series 2008 (Bank Qualified) in the aggregate principal amount of \$3,530,000 (the “2008 Bonds” and together with the 2005 Bonds, the “**Prior Bonds**”) for the purpose of providing funds to finance redevelopment activities with respect to the Arvin Redevelopment Project; and

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

(h) To determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its Successor Agency to the Arvin Community Redevelopment Agency Tax Allocation Refunding Bonds, Series 2019, in one or more series (the “Refunding Bonds”), the Successor Agency has caused its municipal advisor, W.J. Fawell Co. Public Finance (the “Municipal Advisor”), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the Prior Bonds (the “Debt Service Savings Analysis”); and

(i) The Successor Agency by its Resolution No. 2019-17 adopted on March 12, 2019 (the “Successor Agency Resolution”) approved the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1); and

(j) In the Successor Agency Resolution, the Successor Agency approved the issuance of the Refunding Bonds and authorized the execution and delivery of the Indenture of Trust, by and between the Successor Agency and Wells Fargo Bank, National Association, as trustee, providing for the issuance of the Refunding Bonds (the “**Indenture**”); and

(k) In the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board direct the Successor Agency to undertake the refunding proceedings and approve the issuance of the Refunding Bonds pursuant to the Successor Agency Resolution and the Indenture and that this Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds; and

(l) This Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and wishes at this time to give its approval to the foregoing;

Section 2. THEREFORE IT IS RESOLVED by the Board of Directors of the Kern Countywide Oversight Board, as follows:

1. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

2. The Successor Agency Resolution is hereby ratified and approved as set forth in the recitals above.

3. This Oversight Board has determined that there are savings permitted by Health & Safety Code Section 34177.5(a) available to the Successor Agency and to applicable taxing entities by the issuance by the Successor Agency of the Refunding Bonds to refund and defease the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Clerk of the Oversight Board, which Debt Service Savings Analysis is hereby approved.

4. As authorized by Section 34177.5(f), the Oversight Board hereby directs the Successor Agency to undertake the refunding proceedings and as authorized by Section 34177.5(f) and Section 34180, this Oversight Board hereby directs and approves the issuance by the Successor Agency of the Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of the Law and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in an aggregate principal amount not to

exceed the amount necessary to defease the Prior Bonds, to establish customary debt service reserves and to pay related costs of issuance as permitted by the Law, provided that the principal and interest payable with respect to the Refunding Bonds complies in all respects with the requirements of the Savings Parameters, as shall be certified to by the Municipal Advisor upon delivery of the Refunding Bonds or any part thereof. The Refunding Bonds may be issued as a single series, or in two or more separate series, each of which may be issued on a taxable or tax-exempt basis, as the Successor Agency shall determine is necessary to comply with Federal tax laws. The Refunding Bonds may be issued via private placement or public offering, as determined by Successor Agency staff, in consultation with the Successor Agency's Municipal Advisor and its Bond Counsel, Aleshire & Wynder, LLP. The approval of the issuance of the Refunding Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of Refunding Bonds and the sale of the Refunding Bonds.

5. The Oversight Board hereby approves the sale and delivery of the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, if such Savings Parameters cannot be met with respect to refunding the whole of the Prior Bonds, then the Oversight Board approves the sale and delivery of the Refunding Bonds to refund the Prior Bonds from time to time in part. In the event the Prior Bonds are initially refunded in part, the Successor Agency is hereby authorized to sell and deliver additional Refunding Bonds without the prior approval of this Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered to refund the Prior Bonds in part are in compliance with the Savings Parameters.

6. As requested by the Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of all or a portion of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section

34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the Kern 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 34183(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as 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. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings of the Refunding Bonds from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance; and

(d) This Resolution constitutes the approval of the Oversight Board of the Refunding Bonds pursuant to Health & Safety Code Sections 34177.5(f) and 34180.

7. Pursuant to Health and Safety Code Section 34177.5(f) and Section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the California Department of Finance unless the California Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the California Department of Finance.

8. The Successor Agency is hereby directed to transmit this Resolution to the California Department of Finance.

Kern Countywide Oversight Board Agenda Report

DATE: MARCH 28, 2019

TO: BOARD MEMBERS

FROM: SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY

RECOMMENDED ACTION

It is recommended that the Kern Countywide Oversight Board adopt the following resolutions:

- 1. RESOLUTION OF THE KERN COUNTYWIDE OVERSIGHT BOARD APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY AND THE TAFT PUBLIC FINANCING AUTHORITY AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**
- 2. RESOLUTION OF THE KERN COUNTYWIDE OVERSIGHT BOARD APPROVING THE EXECUTION AND DELIVERY OF AMENDMENT NO. 1 TO THE REIMBURSEMENT AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY AND THE CITY OF TAFT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

BACKGROUND

The 1998 Bonds, 1998 Lease and 1998 Loan Agreement.

In 1998, the Taft Public Financing Authority (the "Authority") issued its \$5,060,000 Taft Public Financing Authority 1998 Revenue Refunding Bonds (Police Station and Redevelopment Projects) (the "1998 Bonds") to fund the acquisition and construction of certain public improvements within the boundaries of the City of Taft and certain redevelopment and housing projects. Debt service on the 1998 Bonds is paid by two sources of revenue: (i) lease payments made by the City from the City's general fund pursuant to an Amended and Restated Lease Agreement (the "1998 Lease"), entered into by and between the Authority and the City at the time the 1998 Bonds were issued; and (ii) loan payments made by the Successor Agency to the Taft Community Development Agency (the "Successor Agency"), as successor to the former Taft Community Development Agency (the "Former Agency"), from the Successor Agency's Redevelopment Property Tax Trust Fund pursuant to a Loan Agreement (the "1998 Loan Agreement") entered into by and between the Authority and the Former Agency at the time the 1998 Bonds were issued. The City and the Former Agency also entered into a Reimbursement Agreement (the "1998 Reimbursement Agreement") concurrently with the issuance of the 1998 Bonds and the execution of the 1998 Lease, pursuant to which the Former Agency (now the Successor Agency) is required to pay the City's lease payments under the 1998 Lease in the event the City is unable to make the lease payments.

The 1998 Bonds are outstanding in the principal amount of \$2,475,000 and bear interest at a rate of 5.80%. The Authority's Municipal Advisor, Fieldman, Rolapp & Associates, has advised the Authority, City and Successor Agency that, based on current market conditions, debt service savings

can be achieved by refunding the 1998 Bonds in full, including a prepayment of the 1998 Lease and the 1998 Loan Agreement.

The 2019 Bonds, 2019 Lease, 2019 Loan Agreement, and 2019 Amendment to Reimbursement Agreement.

To achieve debt service savings, the Authority proposes to issue its Taft Public Financing Authority 2019 Revenue Refunding Bonds (Police Station and Redevelopment Projects) (the “2019 Bonds”) in a principal amount not to exceed \$2,700,000, in order to redeem the 1998 Bonds in full. The 2019 Bonds will be secured by, and debt service on the 2019 Bonds will be paid using the following revenues: (i) City general fund lease payments pursuant to a Lease Agreement (the “2019 Lease”) by and between the City and the Authority; and (ii) Successor Agency loan payments (payable from the RPTTF) pursuant to a Loan Agreement (the “2019 Loan Agreement”). In connection with the prepayment of the 1998 Lease and execution and delivery of the 2019 Lease, the City and Successor Agency will also enter into an amendment to the 1998 Reimbursement Agreement (the “Reimbursement Agreement Amendment”) to provide that the Successor Agency will be required to pay the City’s lease payments under the 2019 Lease in the event the City is unable to make the lease payments, to the same extent the Successor Agency would be required to make lease payments under the 1998 Lease.

Private Placement Sale; Estimated Savings.

Because of the size of the transaction and the relatively short term of the 2019 Bonds (which will mature in 2028), the Municipal Advisor has recommended selling the 2019 Bonds to a bank on a private placement basis. This structure is likely to produce lower costs of issuance and thereby produce higher savings to the Authority, City and Successor Agency. Brandis Tallman LLC, acting as placement agent for the Authority, distributed a Request for Proposals (“RFP”) for private placement banks and received bids to purchase the 2019 Bonds from four banks, as described below.

The refunding of the 1998 Bonds by issuance of the 2019 Bonds as described above is estimated to produce net Present Value Savings of 7.94%. It is estimated that the net Present Value Savings on the City’s 1998 Lease will be 14.13%, whereas the net Present Value Savings on the Successor Agency’s 1998 Loan will be 4.79%. The net Present Value Savings attributable to the prepayment of the 1998 Lease is increased by the application of the moneys in the Reserve Fund held under the 1998 Indenture, which expressly provides that moneys in the Reserve Fund (currently approximately \$372,837) upon payment in full of the 1998 Bonds will be paid to the City as reimbursement for lease payments made under the 1998 Lease.

The prepayment of the 1998 Lease is estimated to reduce the City’s annual payments under the lease obligation by approximately \$24,471, with the final maturity of the lease shortened to February 1, 2025, from January 1, 2028. The Successor Agency’s potential obligation under the Reimbursement Agreement is reduced by the same amount. The prepayment of the 1998 Loan Agreement is anticipated to reduce the Successor Agency’s annual payments under the Successor Agency’s lease obligation by approximately \$10,540. The 2019 Loan Agreement will have the same term as the 1998 Loan Agreement, terminating in 2028 (except that the principal payment date is

being changed from January 1 to February 1 to enable the Successor Agency to better manage the Recognized Obligation Payment Schedule process). Costs of issuance will be allocated on a pro rata basis between the 2019 Lease and the 2019 Loan.

The Successor Agency approved the 2019 Loan Agreement and the Reimbursement Agreement Amendment on March 19, 2019. These actions must now be approved by the Kern Countywide Oversight Board and the California Department of Finance. Following approval by the Oversight Board, the Oversight Board resolutions, the Successor Agency resolution, and the proposed legal documents will be forwarded to the California Department of Finance on March 29, 2019. The Department of Finance has up to sixty-five days to approve the Oversight Board resolutions.

ISSUES/ANALYSIS

The City has covenanted under the 1998 Lease to make lease payments to the Authority for the use and possession of the City's Police Station. The City's lease payments under the 1998 Lease are used by the Authority to pay a portion of the scheduled debt service on the 1998 Bonds. The proposed 2019 Lease will similarly support the payment of debt service on the 2019 Bonds. The lease payments on the 2019 Lease will be lower than the lease payments on the 1998 Lease, resulting in savings to the City.

The Former Agency and the City entered into the 1998 Reimbursement Agreement concurrently with the issuance of the 1998 Bonds, pursuant to which the Successor Agency (as successor to the Former Agency) is required to make lease payments under the 1998 Lease in the event the City does not make the payments. The Successor Agency and the City desire to enter into the Reimbursement Agreement Amendment pursuant to Health and Safety Code Section 34177.5(a)(3) to provide that the Successor Agency shall be required to make lease payments under the 2019 Lease in the event the City does not make such payments, to the same extent as the 1998 Reimbursement Agreement would require the Successor Agency to make lease payments under the 1998 Lease. Health and Safety Code Section 34177.5(a)(3) permits the Reimbursement Agreement Amendment in connection with a refunding of the 1998 Lease that achieves debt service savings.

The Former Agency covenanted under the 1998 Loan Agreement to make scheduled loan payments to the Authority. The Authority uses the loan payments to a portion of the debt service on the 1998 Bonds. The obligation to make payments under the 1998 Loan Agreement is a limited obligation of the Successor Agency (as successor to the Former Agency) payable solely from and secured by the tax increment revenues derived from the Taft Community Development Project Area, and from the amounts on deposit in certain funds described in the 1998 Loan Agreement. Payments on the 2019 Loan Agreement will similarly be used by the Authority to pay a portion of the debt service on the 2019 Bonds. Health and Safety Code Section 34177.5(a)(1) permits the Successor Agency to incur debt to refund existing debt obligations to achieve debt service savings for the Successor Agency. Payments on the 2019 Loan Agreement will be lower in each year than payments on the 1998 Loan Agreement, resulting in debt service savings to the Successor Agency.

As part of the refinancing, the City intends to apply the 1998 Reserve Fund balance of approximately \$372,837 to pay down the City's 1998 Lease, and shorten the final maturity of the City's lease obligation to February 1, 2025 from January 1, 2028. The 2019 Loan Agreement will have essentially the same final maturity as the 1998 Loan Agreement (the 1998 Loan matures on

January 1, 2028, whereas the 2019 Loan will mature on February 1, 2028). Costs of issuance will be allocated pro rata between the 2019 Lease and 2019 Loan Agreement.

The prepayment of the 1998 Lease and the 1998 Loan Agreement will cause the redemption and defeasance of the 1998 Bonds.

Based on the interest rate of 3.14% provided by the lowest bidder (discussed below), the refinancing of the 1998 Bonds is projected to generate net present value savings of approximately \$196,462 over the life of the indebtedness, of which \$117,946 will apply to the lease and \$78,515 will apply to the Agency loan. The average annual savings are projected to be \$36,423, of which \$24,471 will be saved on the lease, and \$10,540 will be saved on the loan. The term of the 2019 Bonds will be the same as the prior bonds, except that the principal payment date is being changed from January 1 to February 1 to enable the Successor Agency to better manage the Recognized Obligation Payment Schedule process.

Staff has determined, in consultation with the Authority's Municipal Advisor, that the current bond market conditions are favorable for the issuance of the 2019 Bonds to refund the 1998 Bonds and that the proposed transaction will comply with Health and Safety Code Section 34177.5(a)(1) and (a)(3). Staff and the Municipal Advisor will confirm compliance with these statutory requirements prior to executing any binding commitment to issue or sell the 2019 Bonds.

REVIEW OF LENDER BIDS AND RECOMMENDATION FOR AWARD

On February 22, 2019, the Placement Agent sent out a Request for Proposals (RFP) and Bid Form (attached) to 22 commercial banks (see attached lender list) that specialize in tax exempt lending for local government agencies. The due date for bids was March 8, 2019. This resulted in the City receiving 4 bids on March 8 with interest rates ranging from 3.14% to 3.78% for a fixed rate, 9- year term. The Municipal Advisor and Placement had estimated a refinancing rate for a 9-year term in February at 3.35%. Staff is very pleased to report that the bids came in lower than recent estimates having the effect of lowering the annual payments to \$322,439 and increasing average annual savings to \$36,423.

The current rate the City is paying on the 1998 Bonds is 5.80%. The refinancing rate (low bid) offered by BB&T is 3.14%, which would achieve an interest rate reduction of 2.66%. BB&T has locked their proposed rate until June 5, 2019, which is the estimated closing date.

Attached is a spreadsheet prepared by the Placement Agent, summarizing the lender bids received and key features of each of the bids.

REFUNDING PROCESS:

It is anticipated that the refunding will take approximately 4 months to complete, possibly shorter if the California Department of Finance approves the transaction earlier than its 65 day deadline. The key milestones to complete the refunding are identified below:

- City Council/Financing Authority/Successor Agency resolutions approving the refunding of the 1998 Bonds and approving legal documents (***Scheduled for March 19, 2019***).
- Oversight Board's approval of Successor Agency action in connection with the Loan Agreement and the Amendment to the Reimbursement Agreement (**Today's Action**)

- Submission of resolutions of both the Successor Agency and Oversight Board and all the related documents to the Department of Finance (March 29, 2019)
- Receive Department of Finance's Approval (May 2019)
- Bond Closing (June 2019)

FISCAL IMPACT

Based on the proposal received from BB&T, the issuance of 2019 Bonds will result in an average annual reduction in annual debt service payments of approximately \$36,423. The annual City lease payments will be reduced by approximately \$24,471 and the Successor Agency's annual loan payments reduced by approximately \$10,540. The final maturity of the City's lease obligation will be shortened to February 1, 2025 and the final maturity of the Successor Agency's loan obligation will remain at February 1, 2028. Costs of issuance will be paid from the proceeds of the 2019 Bonds and will be allocated on a pro-rata basis between the 2019 Lease and the 2019 Loan.

ATTACHMENT(S)

1. Resolution of the Oversight Board approving an Amendment to the Reimbursement Agreement
2. Resolution of the Oversight Board approving the Loan Agreement
3. Resolution of the Successor Agency
4. Lease Agreement
5. Loan Agreement
6. 1998 Reimbursement Agreement
7. Amendment No. 1 to Reimbursement Agreement
8. List of 22 banks sent prospective lenders and responses
9. One page summary spreadsheet of lender bids received for refinancing

PREPARED BY:

Teresa Binkley, Finance Director

BEFORE THE KERN COUNTYWIDE OVERSIGHT BOARD

In the matter of:

Resolution No. _____

RESOLUTION OF THE KERN COUNTYWIDE OVERSIGHT BOARD APPROVING THE EXECUTION AND DELIVERY OF AMENDMENT NO. 1 TO THE REIMBURSEMENT AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY AND THE CITY OF TAFT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

I, Karneena Morales, Secretary on behalf of the Oversight Board, do certify that the following resolution, on motion of Director _____, seconded by Director _____, was duly passed and adopted by the Board of Directors at an official meeting this _____ day of _____, 2019, by the following vote:

AYES:

NOES: None

ABSENT: None

Secretary on behalf of the Oversight Board
Kern Countywide Oversight Board

RESOLUTION

Section 1. WHEREAS:

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

(b) The Redevelopment Plan (the “**Redevelopment Plan**”) for the Taft Community Development Project in the City of Taft, California (the “**Redevelopment Project**”) has been approved by Ordinance No. 522, adopted by the City Council of the City of Taft on July 15, 1986, and amended by Ordinance No. 619-94, adopted on

October 18, 1994 and by Ordinance No. 758-08, adopted on February 5, 2008, together with any amendments thereof heretofore or hereafter duly enacted pursuant to the Law; and

(c) On June 28, 2011, the California Legislature adopted ABx1 26 (as amended from time to time, the “**Dissolution Act**”) and ABx1 27 (the “**Opt-in Bill**”); and

(d) The California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill; and, as a result, on February 1, 2012, the Former Agency was dissolved and its redevelopment powers, assets and obligations were transferred to the Successor Agency to the Taft Community Development Agency (the “**Successor Agency**”); and

(e) The activities of the Successor Agency are subject to review and oversight by a seven-member oversight Board (the “**Oversight Board**”); and

(f) The Taft Public Financing Authority (the “**Authority**”), a joint exercise of powers authority, previously issued its 1998 Revenue Refunding Bonds (Police Station and Redevelopment Projects) (the “**1998 Bonds**”); and

(g) The City previously entered into that certain Amended and Restated Lease Agreement (Taft Police Station Project), dated as of November 1, 1998 (the “1998 Lease Agreement”) pursuant to which the City leased certain real property and facilities consisting of the City’s police station from the Authority and agreed to make lease payments to the Authority, which lease payments (the “1998 Lease Payments”) were pledged by the Authority to payment of the 1998 Bonds; and

(h) In connection with the issuance of the 1998 Bonds and the execution and delivery by the City of the 1998 Lease Agreement, the City and the Former Agency entered into that certain Reimbursement Agreement, dated as of November 1, 1998 (the “**Original Agreement**”), pursuant to which the Former Agency agreed to repay the City for all Lease Payments (defined in the Original Agreement) made or required to be made by the City to the Authority under the 1998 Lease Agreement and to pay the Lease Payments in the event the City is unable to pay such Lease Payments for any reason; and

(i) The Authority has determined to issue its 2019 Revenue Refunding Bonds (Police Station and Redevelopment Projects) (the “**2019 Bonds**”) for the purpose of refunding the 1998 Bonds; and

(j) In connection with the issuance of the 2019 Bonds, and in order to prepay and refinance the 1998 Lease Agreement for savings, the City will lease certain real property and the improvements located thereon (the “**Leased Property**”) to the Authority pursuant to a Site Lease and the City will sublease the Leased Property back from the Authority pursuant to a Lease Agreement (the “**2019 Lease Agreement**”); and

(k) The City’s lease payments under the 2019 Lease Agreement (the “**2019 Lease Payments**”) will be pledged to and applied to pay debt service on the 2019 Bonds; and

(l) California Health and Safety Code Section 34177.5(a)(3) authorizes successor agencies to amend an existing enforceable obligation under which the successor agency is obligated to reimburse a political subdivision of the state for the payment of debt service on a bond or other obligation of the political subdivision, or to pay all or a portion of the debt service on the bond or other obligation of the political subdivision to provide savings to the successor agency, provided that (A) the enforceable obligation is amended in connection with a refunding of the bonds or other obligations of the political subdivision so that the enforceable obligation will apply to the refunding bonds or other refunding indebtedness of the political subdivision, (B) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (C) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves and to pay related costs of issuance; and

(m) In furtherance of the prepayment and refinancing for savings of the 1998 Lease Agreement, the Successor Agency authorized and approved the execution and delivery of Amendment No. 1 to Reimbursement Agreement (the “**Amendment**”) by resolution (the “**Successor Agency Resolution**”) on March 19, 2019; and

(n) When executed and delivered by the Successor Agency and the City, the Amendment will amend the Original Agreement pursuant to Health and Safety Code Section 34177.5(a)(3) to provide that the Successor Agency shall have the obligation to pay or repay the 2019 Lease Payments due under the 2019 Lease Agreement to the

same extent that the Successor Agency is obligated to pay or repay 1998 Lease Payments under the 1998 Lease Agreement; and

(o) The Original Agreement, as amended by the Amendment, shall continue to be secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a)(3), pursuant to the provisions of the Dissolution Act and the Law; and

(p) This Oversight Board desires to approve all matters relating to the Amendment as required by Sections 34177.5(f) and 34180 of the Health and Safety Code of the State of California.

Section 2. THEREFORE IT IS RESOLVED by the Board of Directors of the Kern Countywide Oversight Board, as follows:

1. Each of the foregoing recitals is true and correct.
2. The Oversight Board hereby approves the execution and delivery by the Successor Agency to the Taft Community Development Agency of the Amendment for the purpose of achieving savings in accordance with Health & Safety Code Section 34177.5(a)(3), and the pledge of property tax revenues to the Original Agreement, as amended by the Amendment, as approved by Section 3 of the Successor Agency Resolution.
3. The Successor Agency is authorized and directed to prepare, approve and execute such other documents, certificates or agreements as may be required to carry out the purposes hereof without the need for any further approval from the Oversight Board.
4. The Chairman of the Oversight Board and the other officers and members of staff having responsibility for the affairs of the Oversight Board are hereby authorized and directed to execute such documents and certificates as they determine are necessary or appropriate to assist the Successor Agency in the execution and delivery of the Amendment and the consummation of the transaction contemplated by this Resolution.
5. Pursuant to the provisions of California Health and Safety Code Section 34177.5(f), the Successor Agency is expressly authorized to recover its related

costs in connection with the transaction approved hereby, irrespective of whether the Amendment is executed.

6. This Resolution shall take effect in accordance with Health and Safety Code Section 34179(h).

BEFORE THE KERN COUNTYWIDE OVERSIGHT BOARD

In the matter of:

Resolution No. _____

RESOLUTION OF THE KERN COUNTYWIDE OVERSIGHT BOARD APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY AND THE TAFT PUBLIC FINANCING AUTHORITY AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

I, Karneena Morales, Secretary on behalf of the Oversight Board, do certify that the following resolution, on motion of Director _____, seconded by Director _____, was duly passed and adopted by the Board of Directors at an official meeting this _____ day of _____, 2019, by the following vote:

AYES:

NOES: None

ABSENT: None

Secretary on behalf of the Oversight Board
Kern Countywide Oversight Board

RESOLUTION

Section 1. WHEREAS:

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

(b) The Redevelopment Plan (the “**Redevelopment Plan**”) for the Taft Community Development Project in the City of Taft, California (the “**Redevelopment Project**”) has been approved by Ordinance No. 522, adopted by the City Council of the City of Taft on July 15, 1986, and amended by Ordinance No. 619-94, adopted on

October 18, 1994 and by Ordinance No. 758-08, adopted on February 5, 2008, together with any amendments thereof heretofore or hereafter duly enacted pursuant to the Law; and

(c) On June 28, 2011, the California Legislature adopted ABx1 26 (as amended from time to time, the “**Dissolution Act**”) and ABx1 27 (the “**Opt-in Bill**”); and

(d) The California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill; and, as a result, on February 1, 2012, the Former Agency was dissolved and its redevelopment powers, assets and obligations were transferred to the Successor Agency to the Taft Community Development Agency (the “**Successor Agency**”); and

(e) The activities of the Successor Agency are subject to review and oversight by a seven-member Oversight Board (the “**Oversight Board**”); and

(f) California Health and Safety Code Section 34177.5(a)(1) authorizes successor agencies to refund outstanding bonds or other indebtedness provided that: (i) the total interest cost to maturity on the refunding bonds or other indebtedness, plus the principal amount of the refunding bonds or other indebtedness, does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded, plus the remaining principal of the bonds or other indebtedness to be refunded; and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the bonds or other indebtedness to be refunded, to establish customary debt service reserves and to pay related costs of issuance; and

(g) Said Section 34177.5 also authorizes the Successor Agency to issue bonds and incur other indebtedness obligations pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Bond Law”) for the purposes and within the parameters set forth in said Section 34177.5; and

(h) The Former Agency previously executed and delivered that certain Taft Community Development Project No. 1 Loan Agreement dated as of November 1, 1998, by and among the Former Agency, U.S. Bank National Association, and the Taft Public Financing Authority (the “**Authority**”) (the “**Refunded Obligation**”); and (i) The Successor Agency approved Agreement No. 18-156 at its meeting of September 19, 2018, approving the sale of the Property to the Buyer based upon the terms and

conditions of the attached Purchase and Sale Agreement, and subject to approval by the Kern Countywide Oversight Board; and

(i) The Successor Agency desires to provide for the prepayment in full of the Refunded Obligation pursuant to Health and Safety Code Section 34177.5(a)(1) in order to refinance the Refunded Obligation for savings; and

(j) The Successor Agency authorized and approved the incurrence of a loan (the “**Loan**”) on March 19, 2019 by resolution (the “**Successor Agency Resolution**”) in an aggregate principal amount sufficient to prepay all or a portion of the Refunded Obligation, and to irrevocably set aside a portion of the proceeds of such Loan in a separate segregated trust fund which will be used to refund the outstanding Refunded Obligation being refunded, to pay costs in connection with the incurrence of the Loan and to make certain other deposits as required by the Loan Agreement as defined in Exhibit A.

(k) The Loan shall be secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a) and (g), pursuant to the provisions of the Dissolution Act, the Law and the Bond Law; and

(l) This Oversight Board desires to approve all matters relating to the incurrence of the Loan as required by Sections 34177.5(f) and 34180 of the Health and Safety Code of the State of California.

Section 2. THEREFORE IT IS RESOLVED by the Board of Directors of the Kern Countywide Oversight Board, as follows:

1. Each of the foregoing recitals is true and correct.
2. The incurrence by the Successor Agency to the Taft Community Development Agency of the Loan in an aggregate principal amount of not to exceed \$2,100,000, or such lesser amount as is sufficient to prepay all or a portion of the Refunded Obligation for the purpose of achieving debt service savings in accordance with Health & Safety Code Section 34177.5(a)(1), and the pledge of property tax revenues to the Loan pursuant to the Loan Agreement approved by Section 2 of the Successor Agency Resolution (as authorized by California Health and Safety Code Section 34177.5(a) and (g)) is hereby approved. The Loan may be incurred as a single loan tranche, or from time to time in separate loans or tranches, as the Successor Agency shall determine.

The approval of the incurrence of the Loan by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate loan or tranche of Loan. The Loan may be incurred in the form of a loan pursuant to the Loan Agreement or in the form of bonds pursuant to one or more indentures or trust agreements; provided that the primary terms of the obligation relating to payment and security remain materially the same as set forth in the form of Loan Agreement submitted herewith.

3. The Successor Agency is authorized and directed to prepare, approve and execute such other documents, including, as necessary, a Placement Agent Agreement, Term Sheet, and escrow agreement and/or irrevocable refunding instructions for the Refunded Obligation and any additional agreements as may be required to carry out the purposes hereof without the need for any further approval from the Oversight Board.

4. The Chairman of the Oversight Board and the other officers and members of staff having responsibility for the affairs of the Oversight Board are hereby authorized and directed to execute such documents and certificates as they determine are necessary or appropriate to assist the Successor Agency in the issuance of the Loan.

5. Pursuant to the provisions of California Health and Safety Code Section 34177.5(f), the Successor Agency is expressly authorized to recover its related costs in connection with the transaction approved hereby, irrespective of whether the Loan Agreement is executed, the Loan incurred or the Refunded Obligation refunded or defeased.

6. This Resolution shall take effect in accordance with Health and Safety Code Section 34179(h).

EXHIBIT A

LOAN AGREEMENT

by and between

SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY

and

TAFT PUBLIC FINANCING AUTHORITY

Dated as of _____, 2019

Relating to

\$ _____

**TAFT PUBLIC FINANCING AUTHORITY
2019 REVENUE REFUNDING BONDS
(POLICE STATION AND REDEVELOPMENT PROJECTS)**

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Loan Agreement") is made and entered into as of _____, 2019, by and between the SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Agency"), as successor agency to the Taft Community Development Agency (the "Former Agency") pursuant to Health and Safety Code Section 34173, and the TAFT PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority");

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority and other local agencies; 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 Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law"), and has the power under Section 33601 of the Redevelopment Law to borrow money for any of its corporate purposes; and

WHEREAS, the Redevelopment Plan for the Taft Community Development Project (the "Project Area"), in the City of Taft, California, has been adopted in compliance with all requirements of the Redevelopment Law; and

WHEREAS, the Former Agency has heretofore entered into that certain Loan Agreement dated as of November 1, 1998 (the "1998 Loan Agreement") by and between the Former Agency and the Authority relating to \$5,060,000 Taft Public Financing Authority 1998 Revenue Refunding Bonds (Police Station and Redevelopment Projects) (the "1998 Bonds") under which the Authority loaned to the Agency a portion of the proceeds of the 1998 Bonds (the "1998 Loan"); and

WHEREAS, the obligation of the Agency to repay the 1998 Loan is secured by a pledge of and lien on Tax Revenues (as such term is defined in the 1998 Loan Agreement); and

WHEREAS, the Agency, as successor to the Former Agency, desires to prepay and refinance the 1998 Loan, the proceeds of which were used to finance and refinance certain projects in furtherance of the Former Agency's Taft Community Development Project No. 1, which projects are more fully described in the proceedings for the 1998 Bonds (the "1998 Project"); and

WHEREAS, concurrent with the execution and delivery of this Loan Agreement the Authority has issued its \$_____ Taft Public Financing Authority 2019 Revenue Refunding Bonds (Police Station and Redevelopment Projects) (the "Bonds") for the purpose of providing funds to make the Loan to the Agency; and

WHEREAS, in order to establish and declare the terms and conditions upon which the Loan is to be made and secured, the Agency and the Authority wish to enter into this Loan Agreement; and

WHEREAS, all rights to receive Loan payments pursuant to this Loan Agreement will be assigned, without recourse, by the Authority to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof and being recorded concurrently herewith; and

WHEREAS, all acts and proceedings required by law necessary to make this Loan Agreement, when executed by the Agency and the Authority, the valid, binding and legal obligations of the Agency and the Authority, and to constitute this Loan Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Loan Agreement have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Loan Agreement shall have the respective meanings which such terms have in the Indenture. In addition, the following terms defined in this Section 1.01 shall, for all purposes of this Loan Agreement, have the respective meanings herein specified.

“Bond Payment Date” means each Payment Date, as defined in the Indenture.

“Bonds” means the \$_____ Taft Public Financing Authority 2019 Revenue Refunding Bonds (Police Station and Redevelopment Projects), in the aggregate principal amount of \$_____, issued and at any time Outstanding under the Indenture.

“City” means the City of Taft, a general law city and municipal corporation organized and existing under the laws of the State.

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

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

“Event of Default” means any of the events described in Section 5.01.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding year, both dates inclusive, or any other twelve-month period selected and designated by the Agency as its official fiscal year period pursuant to written notice filed with the Trustee.

“Indenture” means the Indenture of Trust dated as of _____, 2019, by and between the Authority and the Trustee, authorizing the issuance of the Bonds, as originally executed or as it may

from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the terms thereof.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by or acceptable to the Agency, and who, or each of whom: (a) is judged by the 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 the domination of the Agency; (c) does not have any substantial interest, direct or indirect, with the Agency, other than as original purchaser of the Bonds; and (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Loan” means the loan made by the Authority to the Agency pursuant to Section 2.01 and shall include the obligations of the Agency under this Loan Agreement to repay the Loan.

“Loan Agreement” means this Loan Agreement by and between the Agency and the Authority, as originally entered into or as amended or supplemented pursuant to the provisions hereof.

“Loan Component of the Bonds” means the portion of the debt service due on the Outstanding Bonds to be paid by Loan payments as set forth in Schedule A.

“Loan Payment Date” means the Business Day next preceding each Bond Payment Date.

“Loan Payments” mean the payments of principal and interest coming due on the Loan from time to time pursuant to this Loan Agreement.

“Project Area” means the Taft Community Development Project described in the Redevelopment Plan.

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

“Redevelopment Plan” means the Redevelopment Plan for the Taft Community Development Project, approved by Ordinance No. 522 enacted by the City Council of the City on July 15, 1986, as amended by Ordinance No. 619-94 enacted by the City Council on October 18, 1994, and Ordinance No. 758-08 enacted by the City Council of the City on February 5, 2008, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law.

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

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

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

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

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

“RPTTF Distribution Date” means each January 2 and June 1, or such other dates as shall be provided by law for distribution of moneys from the Redevelopment Property Tax Trust Fund to the Agency.

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

“Special Fund” means the fund held by the Agency in the Redevelopment Obligation Retirement Fund pursuant to Section 3.02.

“Subordinate Debt” means any loans, advances or indebtedness issued or incurred by the Agency, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is expressly subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the Loan.

“Statutory Pass-Through Amounts” means amounts required to be paid to taxing agencies pursuant to Sections 33676, 33607.5 and 33607.7 of the Law, if any.

“Tax Certificate” shall mean the Tax Certificate of the Authority and the Agency dated the Closing Date related to the requirements of the Code applicable to the Bonds.

“Tax Revenues” means all taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited or available for deposit in the RPTTF, excluding Statutory Pass-Through Amounts unless such payments are subordinated to payments on the Bonds pursuant to Sections 33607.5(e) of the Law or 34177.5(c) of the Dissolution Act. Tax Revenues include any taxes derived from debt service override tax rates approved by taxing agencies that were pledged to the 1998 Loan.

“Trustee” means U.S. Bank National Association, or its successor as Trustee hereunder.

“Written Request of the Agency” or “Written Certificate of the Agency” means a request or certificate, in writing, signed by the Executive Director, Finance Officer or Deputy Treasurer of the Agency or by any other officer of the Agency duly authorized by the Agency for that purpose.

“1998 Loan” means the loan made by the Authority to the Agency pursuant to the 1998 Loan Agreement, including the obligations of the Agency under the 1998 Loan Agreement to repay the 1998 Loan.

“1998 Loan Agreement” means the Loan Agreement dated as of August 1, 1990 between the Agency and the Authority relating to the 1998 Bonds, as originally entered into or as amended or supplemented pursuant to the provisions thereof.

Section 1.02 Rules of Construction. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement, and the words “herein”, “hereof”, “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE LOAN; ESTABLISHMENT OF FUNDS

Section 2.01 Authorization. The Authority hereby agrees to acquire from the Agency the Loan, with the proceeds of the sale of the Bonds, in the aggregate principal amount of _____ Dollars (\$_____), all under and subject to the terms of this Loan Agreement, the Bond Law and the Redevelopment Law. The full amount of the Loan (inclusive of costs of financing such as underwriting discount and fees of legal counsel and advisors) shall be deemed disbursed to the Agency on the Closing Date through the application of the proceeds of the Bonds to the purposes of the Loan in accordance with Section 2.04 hereof and the Indenture. This Loan Agreement constitutes a continuing agreement with the Authority to secure the full and final payment of the Loan, subject to the covenants, agreements, provisions and conditions herein contained. The obligations of the Agency with respect to the Loan shall be effective as of the date of the execution of this Agreement.

Section 2.02 Repayment of Loan. In consideration for the Loan, the Agency shall repay its obligations under the Loan in installments of principal and interest as set forth on Schedule A attached hereto on the Loan Payment Date preceding each Bond Payment Date for the Bonds; such Loan Payments shall be at least equal to the Loan Component of the Bonds, if any, coming due and payable on such Bond Payment Date. Principal of and interest and premium (if any) on the Loan shall be payable by the Agency to the Trustee, as assignee of the Authority under the Assignment Agreement and the Indenture, in immediately available funds which constitute lawful money of the United States of America. Payment of such principal and interest shall be secured as, and amounts for the payment thereof shall be deposited with the Trustee in the amounts and at the times, set forth in Article III. [Notwithstanding the foregoing provisions of this Section 2.02, in lieu of payment of any installment of principal of the Loan coming due and payable on February 1 or August 1 in any year on or after [August 1, 20___], the Agency shall have the right to purchase Term Bonds in an amount not exceeding the amount of Term Bonds subject to mandatory sinking fund redemption on such February 1 or August 1, as applicable, and tender such Term Bonds to the Trustee for cancellation, provided that such tender shall be made before the date on which notice of such redemption is mailed by the Trustee pursuant to Section 2.2(d) of the Indenture. In case of any such purchase in lieu of redemption, there shall be credited against payment of the Loan only the (lesser) principal amount of Loan payment which corresponds to the Term Bonds so purchased, such that remaining payments of principal and interest on the Loan, if any, plus the remaining Lease Payments are adequate at all times to pay

remaining scheduled principal and interest installments of the Bonds as set forth in a Written Certificate of the Agency delivered to the Authority and the Trustee.]

Section 2.03 Optional Prepayment. The Loan may be prepaid, at the option of the Agency, from any source of available funds, prior to maturity on any date on or after _____ 1, 20____ as a whole, or in part, from such maturities as are selected by the Agency, and by lot within a maturity, at a redemption price equal to the principal amount of the Loan to be redeemed, together with accrued interest thereon to the date of redemption, without premium. In connection with any optional prepayment of the Loan, the Agency shall submit a written certificate of an Authorized Successor Agency Representative confirming that the remaining payments of principal and interest on the Loan, if any, plus the remaining Lease Payments, will be adequate at all times to pay remaining scheduled principal and interest installments of the Bonds.

Section 2.04 Application of Loan Proceeds. On the Closing Date, the proceeds of the Loan shall be disbursed as provided in the Indenture, as follows:

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

(b) The Trustee shall deposit \$_____ into the 1998 Loan Escrow Fund established under the Escrow Agreement.

Section 2.05 Validity of Loan. The validity of the Loan shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of its obligation with respect to the Redevelopment Project.

ARTICLE III

PLEDGE OF TAX REVENUES; APPLICATION OF FUNDS

Section 3.01 Pledge of Tax Revenues. The Loan shall be secured by a first pledge of and lien on all of the Tax Revenues, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Tax Revenues are hereby allocated in their entirety to the payment of the principal of and interest on the Loan, except to the extent expressly provided in Sections 3.02, 4.14 and 4.15 hereof. Except for the Tax Revenues, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Loan.

Section 3.02 Special Fund; Deposit of Tax Revenues. There is hereby established a special fund to be known as the "Special Fund" which is to be held by the Agency within the Redevelopment Obligation Retirement Fund. The Special Fund shall be held by the Agency separate and apart from other funds of the Agency.

The Agency shall deposit the Tax Revenues received with respect to each Fiscal Year in accordance with Section 4.11 hereof into the Special Fund promptly upon receipt thereof by the Agency in an amount sufficient to make the transfers to the Trustee required by Section 3.03 below for the applicable Fiscal Year. All Tax Revenues received by the Agency in excess of the amount required to be requested on the Agency's Recognized Obligation Payment Schedule on each RPTTF Distribution Date pursuant to Section 4.11 in order to pay debt service on the Loan and to make any other payments due hereunder during the applicable Fiscal Year, and except as may be provided to the

contrary in this Loan Agreement, shall be released from the pledge and lien hereunder and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable hereunder, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in this Loan Agreement. Notwithstanding the foregoing, the Agency may transfer Tax Revenues received with respect to the Fiscal Year directly to the Trustee promptly upon receipt thereof for deposit into the Debt Service Fund, without first depositing such Tax Revenues in the Special Fund, and such transfers to the Trustee shall be deemed to satisfy the requirement set forth in this Section 3.02 to deposit such moneys in the Special Fund.

Section 3.03 Transfer of Tax Revenues to the Trustee. The Agency shall withdraw from the Special Fund and transfer to the Trustee the following amounts at the following times and in the following order of priority:

(a) Interest and Principal Deposits. No later than the Business Day preceding each Bond Payment Date commencing [August 1, 2019], the Agency shall withdraw from the Special Fund and transfer to the Trustee an amount equal to the aggregate amount of principal of and interest on the Loan becoming due and payable on such Bond Payment Date pursuant to Section 2.02.

(b) Surplus. The Agency shall not be obligated to deposit in the Special Fund in the Fiscal Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required to be transferred to the Trustee in such Fiscal Year from the Special Fund pursuant to this Section 3.03. In the event that for any reason whatsoever any amounts shall remain on deposit in the Special Fund on any February 2 after making all of the transfers from the Special Fund theretofore required to be made pursuant to the preceding clause (a), the Agency shall withdraw such amounts from the Special Fund, to be used for any lawful purposes of the Agency.

Section 3.04 Investment of Moneys. All moneys in the Special Fund shall be invested by the Agency in accordance with Section 4.5 of the Indenture.

ARTICLE IV

OTHER COVENANTS OF THE AGENCY

Section 4.01 Punctual Payment. The Agency shall punctually pay or cause to be paid the principal and interest to become due in respect of the Loan together with the premium thereon, if any, in strict conformity with the terms of the Loan and of this Loan Agreement. The Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Loan Agreement, and the Loan. Nothing herein contained shall prevent the Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 4.02 Limitation on Additional Indebtedness; Against Encumbrances. The Agency hereby covenants that, so long as the Loan is Outstanding, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues (i) on a basis senior to the Loan or (ii) on a parity with the Loan; provided that nothing set forth in this Indenture shall prevent the Agency from issuing or incurring Subordinate Debt. The Agency will not otherwise encumber, pledge or place

any charge or lien upon any of the Pledged Tax Revenues or other amounts pledged to the Loan superior or equal to the pledge and lien herein created for the benefit of the Loan.

Section 4.03 Extension of Payment. The Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of the Loan or claim for interest on the Loan and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Loan or claims for interest in any other manner. In case the maturity of the Loan or claim for interest shall be extended or funded, whether or not with the consent of the Agency, the Loan or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Loan Agreement, except subject to the prior payment in full of the principal of the Loan and of all claims for interest which shall not have been so extended or funded.

Section 4.04 Payment of Claims. The Agency shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues or other amounts pledged to the payment of the Loan, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Loan. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

Section 4.05 Books and Accounts; Financial Statements. The Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) in aggregate principal amount of the Loan then Outstanding, or their representatives authorized in writing.

The Agency will cause to be provided to the Trustee (or, if 100% of the Loan are owned by a single Owner, directly to such Owner), within two hundred and seventy (270) days after the close of each Fiscal Year so long as the Loan are Outstanding, a copy of the City's comprehensive annual financial report ("CAFR") or audited financial statements; provided that if the CAFR or audited financial statements are not available the Agency will provide unaudited financial statements within the time set forth above, and will provide audited financial statements when they are available.

The Trustee shall have no obligation to review any reports or financial statements provided to it by the Agency.

Upon written notice to the Trustee (or, if 100% of the Loan are owned by a single Owner, notice to such Owner), any information to be provided pursuant to this Section may be provided directly to the Owners or may be disseminated through the dissemination services provided through the Electronic Municipal Market Access website provided by the Municipal Securities Regulatory Board.

Section 4.06 Protection of Security and Rights of Owners. The Agency will preserve and protect the security of the Loan and the rights of the Owners. From and after the Closing Date with respect to Bonds, the Loan shall be incontestable by the Agency.

Section 4.07 Payments of Taxes and Other Charges. Except as otherwise provided herein, the Agency will pay and discharge, or cause to be paid and discharged, all taxes, service

charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Project Area, or upon the revenues therefrom when the same shall become due. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project Area or any part thereof.

Section 4.08 Taxation of Leased Property. All amounts derived by the Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of this Loan Agreement.

Section 4.09 Disposition of Property. The Agency will not participate in the disposition of any land or real property in a Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of issuance of the Loan) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the applicable Project Area unless such disposition is permitted as hereinafter provided in this Section 4.09. If the Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the security of the Loan, or the rights of the Agency, the Bondowners and the Trustee hereunder will not be materially impaired by said proposed disposition, the Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Agency shall disapprove said proposed disposition. This Section 4.09 shall not apply to the disposition of properties to the City pursuant to the Agency's Long Range Property Management Plan prepared pursuant to Health and Safety Code Section 34191.4.

Section 4.10 Maintenance of Pledged Tax Revenues. The Agency shall comply with all requirements of the Law and the Dissolution Act to ensure the allocation and payment to it of the Pledged Tax Revenues as provided in the Dissolution Act.

Section 4.11 Compliance with the Dissolution Act. The Agency shall comply with all of the requirements of the Law and the Dissolution Act. Without limiting the generality of the foregoing, the Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Agency with its covenants hereunder.

Further, the Agency shall take all actions required under the Dissolution Act to include scheduled debt service on the Loan and any amount required under this Loan Agreement and any other amounts required to be paid under this Loan Agreement in Recognized Obligation Payment Schedules for each ROPS Period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each June 1 and January 2 amounts required for the Agency to pay principal of, and interest on, the Loan coming due in the respective ROPS Period.

In order to ensure that amounts are available for the Agency to pay debt service on the Loan on a timely basis, on or before each February 1 following the Closing Date (or at such other time as may be required by the Dissolution Act), for so long as the Loan is Outstanding, the Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of

Finance and to the County Auditor-Controller that shall include from the first available Tax Revenues received on each RPTTF Distribution Date all debt service coming due on the Loan on the Loan Payment Date immediately following such RPTTF Distribution Date.

If the Agency determines it is necessary to ensure timely payment of debt service on the Loan or any Subordinate Debt, the Agency shall also request distribution of Tax Revenues from the Redevelopment Property Tax Trust Fund on the prior January 2 or June 1, as applicable, as a reserve to be held in the Special Fund (or, at the option of the Agency, deposited in the Revenue Fund held by the Trustee under the Indenture), for the payment of debt service on the Loan on next two Loan Payment Dates.

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the Loan that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Loan and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the Agency shall apply the first Tax Revenues distributed to the Agency in each Fiscal Year to the timely payment of debt service coming due during the Fiscal Year on the Loan and other payments due under the Loan Agreement.

Section 4.12 Last and Final Recognized Obligation Payment Schedule. The Agency shall provide the Trustee (or, if 100% of the Loan are owned by a single Owner, the Agency shall provide such Owner) with copies of (a) any Request for Last and Final ROPS Approval submitted by the Agency and (b) any and all correspondence received from the Department of Finance regarding a Request for Last and Final ROPS Approval, upon receipt thereof.

Section 4.13 Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Loan Agreement, and for the better assuring and confirming unto the Owners of the Loan the rights and benefits provided in this Loan Agreement.

Section 4.14 Payment of Expenses; Indemnification. The Agency shall pay to the Trustee from time to time all compensation for all services rendered under this Loan Agreement and the Indenture, including but not limited to all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties hereunder and thereunder. Upon the occurrence of an Event of Default, the Trustee shall have a first lien on the Tax Revenues to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article V hereof. The Agency shall pay all expenses of the Authority incurred by the Authority in connection with the performance of its duties and obligations under the Indenture.

The 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 which it may incur arising out of or in the exercise and performance of its powers and duties under the Indenture, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Agency under this Section 4.14 shall

survive the resignation or removal of the Trustee under the Indenture and the payment of the Loan and the discharge of this Loan Agreement.

Section 4.15 Tax Covenants. In connection with the Loan, the Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any departments or agency thereof that the interest received by the Owners of the Bonds is includable in gross income of the recipient under federal income tax laws on the date of issuance of the Bonds. Notwithstanding any other provision of this Loan Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, the Agency covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Agency will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other monies or property which would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The Agency will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guaranty. The Agency will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The Agency will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(e) Hedge Bonds. The Agency will make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause any Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Agency takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; and

(f) Miscellaneous. The Agency will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate and will comply with the covenants and requirements stated therein and incorporated by reference herein.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01 Events of Default. The following constitute Events of Default hereunder:

(a) Failure by the Agency to pay the principal of or interest on the Loan when and as the same shall become due and payable.

(b) Failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in this Loan Agreement, other than as referred to in the preceding clause (a), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Agency by the Trustee or the Authority; provided, however, that if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such thirty (30)-day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Agency within such thirty (30)-day period and thereafter is diligently pursued until such failure is corrected; provided such period shall not extend beyond a total of ninety (90) days without the consent of the Insurer.

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

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Insurer and the Agency by telephone, telecopy or other means of telecommunication, promptly confirmed in writing. If an Event of Default has occurred and is continuing, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Outstanding Bonds the Trustee shall, upon being indemnified to its satisfaction, exercise any remedies available to the Trustee in law or at equity.

Section 5.02 Application of Funds Upon Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Loan Agreement shall be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article V, including compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount of interest on and principal of the Loan then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Loan then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

(b) second, to the payment of all installments of principal of the Loan then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

(c) third, to the payment of the redemption price (including principal and interest accrued to the redemption date) of the Loan to be redeemed from loan payments, on a pro rata basis in the event that the available amounts are insufficient to pay the redemption price of the Loan in full, and

(d) fourth, to the payment of interest on overdue installments of principal and interest, calculated at the respective rates of interest borne by the Outstanding Bonds, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

Section 5.03 Allocation of Moneys in Special Fund Upon Default. Upon the occurrence of an Event of Default under this Loan Agreement, the Agency shall apply moneys then on deposit in the Special Fund as required under Section 5.02 hereof.

Section 5.04 No Waiver. Nothing in this Article V or in any other provision of this Loan Agreement, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and premium (if any) on the Loan to the Trustee when due, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Trustee under the Indenture to institute suit to enforce such payment in accordance with the provisions of the Indenture.

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

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

Section 5.05 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee 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, the Dissolution Act, or any other law.

ARTICLE VI

MISCELLANEOUS

Section 6.01 Benefits Limited to Parties. Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the Agency, the Trustee and the Authority, any right or remedy or claim under or by reason of this Loan Agreement. All covenants, stipulations, promises or agreements in this Loan Agreement contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Authority and of the Trustee both individually and as trustee for the benefit of the Owners of the Bonds.

Section 6.02 Successor is Deemed Included in All References to Predecessor. Whenever in this Loan Agreement either the Agency, the Authority or the Trustee is named or referred to, such

reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Loan Agreement contained by or on behalf of the Agency or the Authority shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 6.03 Discharge of Loan Agreement. If the Agency shall pay and discharge the entire indebtedness or any lesser portion thereof on the Loan in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest on the Loan or any portion thereof, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, cash in an amount which, together with the available amounts then on deposit in any of the funds and accounts established pursuant to the Indenture or this Loan Agreement, is fully sufficient in the opinion or report of an Independent Accountant, to pay all principal of and interest on the Loan or on any portion thereof and to discharge the Indenture (to the extent of the Loan Component of the Bonds) in accordance with Section 9.3 thereof; or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Defeasance Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture or this Loan Agreement, be fully sufficient to pay and discharge the indebtedness on the Loan (including all principal and interest) or on any portion thereof at or before maturity and to discharge the Indenture (to the extent of the Loan Component of the Bonds) in accordance with Section 9.3 thereof;

then, at the election of the Agency but only if all other amounts then due and payable hereunder shall have been paid or provision for their payment has been made, the pledge of and lien upon the Tax Revenues and other funds provided for in this Loan Agreement and all other obligations of the Trustee, the Authority and the Agency under this Loan Agreement with respect to the Loan or any portion thereof shall cease and terminate, except only the obligation of the Agency to indemnify the Trustee and to pay or cause to be paid to the Trustee, from the amounts so deposited with the Trustee or such other fiduciary, all sums due with respect to the Loan or any portion thereof and all expenses and costs of the Trustee. Notice of such election shall be filed with the Authority and the Trustee.

Section 6.04 Amendment. This Loan Agreement may be amended by the parties hereto but only under the circumstances set forth in, and in accordance with, the provisions of Section 5.9 of the Indenture. The Authority covenants that the Indenture shall not be amended, nor shall the Authority agree or consent to any amendment of the Indenture, without the prior written consent of the Agency.

Section 6.05 Waiver of Personal Liability. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest on the Loan; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 6.06 Notices. Any notice, request, complaint, demand or other communication under this Loan Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy, telex or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy, telex or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid,

or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the 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 Authority: Taft Public Financing Authority
209 E. Kern Street
Taft, California 93268
Attention: Executive Director

If to the Agency: Successor Agency to the Taft Community Development
Agency
209 E. Kern Street
Taft, California 93268
Attention: Executive Director

If to the Trustee: U.S. Bank National Association
633 W. 5th Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Services

Section 6.07 Establishment of Funds and Accounts. Whenever in this Loan Agreement there is established or required any fund or account, such fund or account may be maintained in the form of multiple funds, accounts or sub-accounts, as may be appropriate, for the purpose of accounting for the separate investment, disbursement or other application thereof.

Section 6.08 Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Loan Agreement. The Agency hereby declares that it would have adopted this Loan Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the Loan irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Loan Agreement may be held illegal, invalid or unenforceable.

Section 6.09 Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY and the TAFT PUBLIC FINANCING AUTHORITY have caused this Loan Agreement to be signed by their respective officers, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE TAFT
COMMUNITY DEVELOPMENT AGENCY

By: _____
Its: Executive Director

ATTEST:

Secretary

TAFT PUBLIC FINANCING AUTHORITY

By: _____
Its: Executive Director

ATTEST:

Secretary

SCHEDULE A

LOAN COMPONENT OF THE BONDS

<i>Date*</i>	<i>Principal</i>	<i>Interest</i>	<i>Debt Service</i>
8/1/19	\$	\$	\$
2/1/20			
8/1/20			
2/1/21			
8/1/21			
2/1/22			
8/1/22			
2/1/23			
8/1/23			
2/1/24			
8/1/24			
2/1/25			
8/1/25			
2/1/26			
8/1/26			
2/1/27			
8/1/27			
TOTAL	<u>\$</u>	<u>\$</u>	<u>\$</u>

* Loan Payment Date is the Business Days prior to each of the dates listed above and the Loan Payments due shall be deposited with the Trustee not later than such Loan Payment Date.

RESOLUTION NO. 3946-19

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND THE TAFT PUBLIC FINANCING AUTHORITY AND AN AMENDMENT TO THE REIMBURSEMENT AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF TAFT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

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

WHEREAS, the Redevelopment Plan (the "Redevelopment Plan") for the Taft Community Development Project in the City of Taft, California (the "Redevelopment Project") has been approved by Ordinance No. 522, adopted by the City Council of the City of Taft on July 15, 1986, and amended by Ordinance No. 619-94, adopted on October 18, 1994 and by Ordinance No. 758-08, adopted on February 5, 2008, together with any amendments thereof heretofore or hereafter duly enacted pursuant to the Law; and

WHEREAS, the Former Agency previously executed and delivered that certain Taft Community Development Project No. 1 Loan Agreement dated as of November 1, 1998, among the Former Agency, U.S. Bank National Association, and the Taft Public Financing Authority (the "Authority") (the "Refunded Obligation"); and

WHEREAS, the Former Agency previously entered into a Reimbursement Agreement, dated as of November 1, 1998 (the "Reimbursement Agreement"), with the City for the purpose of paying or repaying the Lease Payments to be made by the City under that certain Amended and Restated Lease Agreement (Taft Police Station Project), dated as of November 1, 1998 (the "1998 Lease"); and

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

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

WHEREAS, on February 1, 2012, the Former Agency was dissolved and its redevelopment powers, assets and obligations were transferred to the Successor Agency to the Taft Community Development Agency (the "Successor Agency"); and

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

WHEREAS, California Health and Safety Code Section 34177.5(a)(1) authorizes successor agencies to refund outstanding bonds or other indebtedness provided that: (i) the total interest cost to maturity on the refunding bonds or other indebtedness, plus the principal amount of the refunding bonds or other indebtedness, does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded, plus the remaining principal of the bonds or other indebtedness to be refunded; and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the bonds or other indebtedness to be refunded, to establish customary debt service reserves and to pay related costs of issuance; and

WHEREAS, California Health and Safety Code Section 34177.5(a)(3) authorizes successor agencies to amend an existing enforceable obligation under which the successor agency is obligated to reimburse a political subdivision of the state for the payment of debt service on a bond or other obligation of the political subdivision, or to pay all or a portion of the debt service on the bond or other obligation of the political subdivision to provide savings to the successor agency, provided that (A) the enforceable obligation is amended in connection with a refunding of the bonds or other obligations of the political subdivision so that the enforceable obligation will apply to the refunding bonds or other refunding indebtedness of the political subdivision, (B) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (C) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves and to pay related costs of issuance; and

WHEREAS, said Section 34177.5 also authorizes the Successor Agency to issue bonds and incur other indebtedness obligations pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law") for the purposes and within the parameters set forth in said Section 34177.5; and

WHEREAS, the Successor Agency desires to provide for the prepayment in full of the Refunded Obligation pursuant to Health and Safety Code Section 34177.5(a)(1) in order to refinance the Refunded Obligation for savings; and

WHEREAS, for the corporate purposes of the Successor Agency, the Successor Agency desires to incur at this time a loan (the "Loan") in an aggregate principal amount sufficient to prepay all or a portion of the Refunded Obligation, and to irrevocably set aside a portion of the proceeds of such Loan in a separate segregated trust fund which will be used to refund the outstanding Refunded Obligation being refunded, to pay costs in connection with the incurrence of the Loan and to make certain other deposits as required by the Loan Agreement (as defined below); and

WHEREAS, the City desires to prepay and refinance the 1998 Lease and enter into a new lease financing arrangement (the "2019 Lease") in order to provide savings by reducing the amount of the Lease Payments due from the City pursuant to the 2019 Lease; and

WHEREAS, in connection with the prepayment and refinancing of the 1998 Lease and execution and delivery of the 2019 Lease by the City, the Successor Agency desires to amend the Reimbursement Agreement (the "Reimbursement Agreement Amendment") to provide that the Successor Agency shall have the obligation to pay or repay the Lease Payments under the 2019 Lease

to the same extent that the Successor Agency is obligated to pay or repay Lease Payments under the 1998 Lease; and

WHEREAS, the refunding of the Refunded Obligation and the amendment of the Reimbursement Agreement will result in savings to the Successor Agency in accordance with Health and Safety Code Section 34177.5, subdivisions (a)(1) and (a)(3), respectively; and

WHEREAS, the Successor Agency's obligations under the Loan and the Reimbursement Agreement Amendment shall be secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a) and (g), pursuant to the provisions of the Dissolution Act, the Law and the Bond Law; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) ("SB 450"), which added Section 5852.1 to the California Government Code, requires that the Successor Agency obtain from an underwriter, municipal advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the Loan, good faith estimates of (a) the true interest cost of the Loan, (b) the sum of all fees and charges paid to third parties with respect to the Loan, (c) the amount of proceeds of the Loan expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Loan, and (d) the sum total of all debt service payments on the Loan calculated to the final maturity of the Loan plus the fees and charges paid to third parties not paid with the proceeds of the Loan; and

WHEREAS, in compliance with SB 450, the Successor Agency has obtained from the Municipal Advisor the required good faith estimates and such estimates are disclosed and set forth in Exhibit A attached hereto; and

WHEREAS, the Successor Agency wishes at this time to approve matters relating to the incurrence of the Loan and execution and delivery of the Loan Agreement and the Reimbursement Agreement Amendment; and

BE IT HEREBY RESOLVED by the Governing Board of the Successor Agency to the Taft Community Development Agency, as follows:

Section 1. Subject to the provisions of the Loan Agreement referred to in Section 2 hereof, the Loan, in an aggregate principal amount of not to exceed \$2,100,000, or such lesser amount as is sufficient to refund all or a portion of the Refunded Obligation for the purpose of achieving debt service savings in accordance with Health & Safety Code Section 34177.5(a)(1) and the pledge of property tax revenues to the Loan pursuant to the Loan Agreement approved by Section 2 of this Resolution (as authorized by California Health and Safety Code Section 34177.5(a) and (g)) is hereby approved on the terms and conditions set forth in, and subject to the limitations specified in, the Loan Agreement. The Loan will bear interest at the rate, will mature on the date, will be incurred in the form, will be subject to redemption, and will be as otherwise provided in the Loan Agreement, as the same will be completed as provided in this Resolution. The proceeds of the Loan shall be applied as provided in the Loan Agreement. The Loan may be issued as a single loan or tranche, or from time to time, in separate loans or tranches, as the Successor Agency shall determine.

Section 2. The Loan Agreement between the Successor Agency and the Authority in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein (the "Loan Agreement"), is hereby approved. The Chair, Executive Director, Finance Director or Secretary of the Successor Agency, or any other authorized officer of the Successor Agency (each, an "Authorized Officer"), each acting alone, is hereby authorized and directed to execute and deliver the Loan Agreement in the form presented at this meeting with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, including, without limitation, adjustments to the lien priority of the Loan; provided, the maximum interest rate on the Loan shall equal the rate set forth in the Term Sheet, but not to exceed 4.80% (exclusive of any default rate or taxable rate) if the closing occurs following the expiration of the rate lock period set forth in the Term Sheet. If the Loan is incurred in separate loans or tranches at different times, each of the Authorized Officers is hereby authorized and directed in the name of the Successor Agency to execute a supplement to the Loan Agreement or a loan agreement in substantially the form of the Loan Agreement submitted herewith, to provide for the issuance of such loan or tranche consistent with the terms of the Resolution.

Section 3. The Reimbursement Agreement Amendment, in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. The continuing pledge of tax increment revenues as set forth in the Reimbursement Agreement, as amended by the Reimbursement Agreement Amendment, is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Successor Agency, to execute and deliver the Reimbursement Agreement Amendment in connection with the execution by the City and Authority of the 2019 Lease to prepay and refinance the 1998 Lease for savings as authorized and required by Health and Safety Code Section 34177.5(a)(3), and the Reimbursement Agreement Amendment shall be in substantially the form submitted at this meeting, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

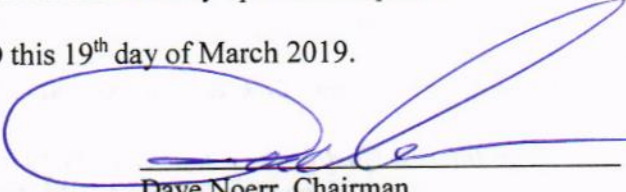
Section 4. Each of the Authorized Officers and other appropriate officers of the Successor Agency, acting alone, is authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and contracts that they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Loan and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Loan, the Loan Agreement, the Reimbursement Agreement Amendment, and any other document or instrument necessary or appropriate to accomplish the incurrence of the Loan, the prepayment and refinancing of the Refunded Obligation, the prepayment and refinancing of the 1998 Lease, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, without limitation, to amend any of the legal documents entered in connection with the 1998 Bonds or the Refunded Obligation, to execute and escrow agreement and/or irrevocable refunding instructions with respect to the Refunded Obligation, to secure municipal bond insurance and/or a reserve surety to fund any reserve account or fund established for the Loan, if available (which may include entering into a mutual insurance agreement(s) therefor), to request subordination of any amounts required to be paid to an affected taxing entity to the Loan or the Reimbursement Agreement Amendment, as the Authorized Officer may require or approve, in consultation with Bond Counsel and the Successor Agency's municipal advisor, and any such actions heretofore taken by such officers in connection therewith are hereby ratified, confirmed and approved. The Loan may be incurred in the form of a loan pursuant to the Loan Agreement or in the form of bonds pursuant to one or more indentures or trust agreements; provided

that the primary terms of the obligation relating to payment and security remain materially the same as set forth in the form of Loan Agreement submitted herewith.

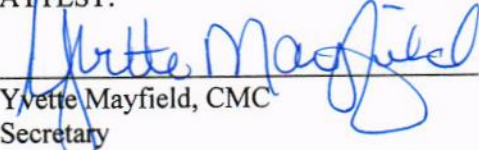
Section 5. U.S. Bank National Association, is hereby appointed as Trustee, Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed as Bond Counsel, Fieldman Rolapp & Associates, Inc. is hereby appointed as Municipal Advisor, HdL Coren & Cone is hereby appointed as Fiscal Consultant, and Brandis Tallman LLC is hereby appointed as Placement Agent. The Executive Director of the Successor Agency or any Authorized Officer is hereby authorized and directed to execute contracts with such consultants and advisors as necessary or proper for carrying out the issuance of the Loan in accordance with the Loan Agreement, the execution and delivery of the Reimbursement Agreement Amendment, and this Resolution.

Section 6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 19th day of March 2019.


Dave Noerr, Chairman

ATTEST:


Yvette Mayfield, CMC
Secretary

STATE OF CALIFORNIA }
COUNTY OF KERN } SS
CITY OF TAFT }

I, Yvette Mayfield, City Clerk of the City of Taft and Secretary to the Successor Agency to the Taft Community Development Agency, do hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of Taft at a regular meeting thereof held on the 19th day of March, 2019.

AYES:	BOARD MEMBERS:	Krier, Bryant, Whiting, Noerr
NAYS:	BOARD MEMBERS:	None
ABSENT:	BOARD MEMBERS:	Eveland
ABSTAIN:	BOARD MEMBERS:	None

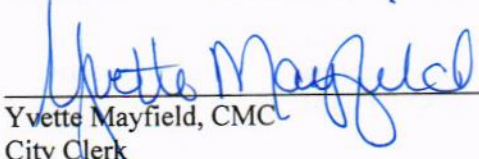

Yvette Mayfield, CMC
City Clerk

EXHIBIT A

SB 450 GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Loan in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Successor Agency by Fieldman, Rolapp & Associates, Inc., the Successor Agency's Municipal Advisor (the "Municipal Advisor").

Principal Amount. The Municipal Advisor has informed the Successor Agency that, based on the Successor Agency's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Loan to be sold is \$1,778,000 (the "Estimated Principal Amounts").

True Interest Cost of the Loan. The Municipal Advisor has informed the Successor Agency that, assuming that the respective Estimated Principal Amounts of the Loan is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Loan, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Loan, is 3.14%.

Finance Charge of the Loan. The Municipal Advisor has informed the Successor Agency that, assuming that the Estimated Principal Amounts of the Loan is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Loan, which means the sum of all fees and charges paid to third parties (or costs associated with the Loan), is \$93,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Successor Agency that, assuming that the Estimated Principal Amounts of the Loan is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Successor Agency for sale of the Loan, less the finance charge of the Loan, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Loan, is \$1,685,000.

Total Payment Amount. The Municipal Advisor has informed the Successor Agency that, assuming that the Estimated Principal Amounts of the Loan is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Successor Agency will make to pay debt service on the Loan, plus the finance charge for the Loan, as described above, not paid with the respective proceeds of the Loan, calculated to the final maturity of the Loan, is \$2,033,394.34.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the Loan issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Loan being different than the date assumed for

purposes of such estimates, (b) the actual principal amount of Loan sold being different from the respective Estimated Principal Amounts, (c) the actual amortization of the Loan being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Loan being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Successor Agency's financing plan, or a combination of such factors. The actual date of sale of the Loan and the actual principal amount of Loan sold will be determined by the Successor Agency based on various factors. The actual interest rates borne by the Loan will depend on market interest rates at the time of sale thereof. The actual amortization of the Loan will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Successor Agency.

RECORDING REQUESTED BY:

Taft Public Financing Authority

AND WHEN RECORDED RETURN TO:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Vanessa S. Legbandt, Esq.

[Space above for Recorder's use.]

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

THE GRANTOR AND THE GRANTEE ARE GOVERNMENTAL AGENCIES. THE LEASE TERM IS LESS THAN 35 YEARS.

LEASE AGREEMENT

by and between

CITY OF TAFT

and

TAFT PUBLIC FINANCING AUTHORITY

Dated as of _____, 2019

Relating to

\$_____

**TAFT PUBLIC FINANCING AUTHORITY
2019 REVENUE REFUNDING BONDS
(POLICE STATION AND REDEVELOPMENT PROJECTS)**

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease Agreement”) executed and entered into as of _____, 2019, is by and between the CITY OF TAFT (the “City”), a municipal corporation duly organized and existing under the Constitution and laws of the State of California, as lessee, and the TAFT PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers authority duly organized and existing under the laws of the State of California, as lessor.

RECITALS

WHEREAS, the City and the Authority desire to refinance the \$5,060,000 original principal amount Taft Public Financing Authority 1998 Revenue Refunding Bonds (Police Station and Redevelopment Projects) (the “1998 Bonds”) and the City’s lease obligations in connection therewith, the proceeds of which were used to finance and refinance a portion of the costs of the acquisition, construction and installation of certain public capital improvements located within the City and described in the proceedings for the 1998 Bonds (the “1998 Project”);

WHEREAS, in order to refinance the 1998 Project, the City is leasing certain real property and the improvements located thereon (the “Leased Property”) to the Authority pursuant to a Site Lease, dated as of the date hereof and recorded concurrently herewith, and the City is subleasing the Leased Property back from the Authority pursuant to this Lease Agreement (the “Leased Property”);

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to refinance the 1998 Project through the issuance by the Authority of bonds payable (in part) from the base rental payments (the “Base Rental Payments”) to be made by the City under this Lease Agreement;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide for the issuance of such bonds payable (in part) from the Base Rental Payments pursuant to an Indenture, dated as of the date hereof, by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”);

WHEREAS, all rights to receive the Base Rental Payments will be assigned, without recourse, by the Authority to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof and being recorded concurrently herewith; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Lease Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease Agreement;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease Agreement, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

“Additional Rental Payments” means all amounts payable by the City as Additional Rental Payments pursuant to Section 3.02 hereof.

“Authority” means the Taft Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

“Base Rental Deposit Date” means the Business Day next preceding each Bond Payment Date.

“Base Rental Payments” means all amounts payable to the Authority by the City as Base Rental Payments pursuant to Section 3.01 hereof.

“Base Rental Payment Schedule” means the schedule of Base Rental Payments payable to the Authority from the City pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

“Bond Payment Date” means each Payment Date, as defined in the Indenture.

“Bonds” means the Taft Public Financing Authority 2019 Revenue Refunding Bonds (Police Station and Redevelopment Projects) issued under the Indenture.

“City” means the City of Taft, a municipal corporation and charter city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Delivery Date” means _____, 2019.

“Indenture” means the Indenture, dated as of the date hereof, by and between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

“Joint Powers Agreement” means the Joint Exercise of Powers Agreement, dated as of January 1, 1993, by and between the City and the Successor Agency to the Taft Community Development Agency, as successor to the Taft Community Development Agency, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Lease Agreement” means this Lease Agreement, as originally executed and as it may from time to time be amended in accordance with the provisions hereof.

“Net Insurance Proceeds” means any insurance proceeds or condemnation award in excess of \$50,000, paid with respect to any of the Leased Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

“Permitted Encumbrances” means, with respect to the Leased Property, as of any particular time, (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Section 10.05 hereof, permit to remain unpaid, (b) the Assignment Agreement, (c) this Lease Agreement, (d) the Site Lease, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Leased Property for the purposes for which it was acquired or is held by the City, (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions or encumbrances which exist of record as of the Delivery Date which the City certifies in writing will not affect the intended use of the Leased Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Delivery Date which the City certifies in writing do not affect the intended use of the Leased Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing.

“Leased Property” means the real property described in Exhibit A hereto and the improvements located thereon.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the twelve-month period commencing on February 2 of each year during the term of this Lease Agreement.

“Site Lease” means the Site Lease, dated as of the date hereof, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with to the provisions thereof and hereof.

“Termination Date” means February 1, 20__, unless extended or sooner terminated as provided in Section 2.02 hereof.

“Trustee” means the trustee appointed under the Indenture and referred to therein as the Trustee.

ARTICLE II

LEASE OF PROPERTY; TERM

Section 2.01 Lease of Leased Property.

(a) The Authority hereby leases to the City and the City hereby leases from the Authority the Leased Property, on the terms and conditions hereinafter set forth, subject to all Permitted Encumbrances.

(b) The leasing of the Leased Property by the City to the Authority pursuant to the Site Lease shall not effect or result in a merger of the City’s leasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site Lease, and the Authority shall continue to

have a leasehold estate in the Leased Property pursuant to the Site Lease throughout the term thereof and hereof. The leasehold interest granted by the City to the Authority pursuant to the Site Lease is and shall be independent of this Lease Agreement; this Lease Agreement shall not be an assignment or surrender of the leasehold interest granted to the Authority under the Site Lease.

Section 2.02 Term; Occupancy. The term of this Lease Agreement shall commence on the Delivery Date and shall end on the Termination Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Termination Date the Bonds shall not be fully paid, or the Indenture shall not be discharged by its terms, or if the Rental Payments shall remain due and payable or shall have been abated at any time and for any reason, then the term of this Lease Agreement shall be extended until the date upon which (i) all Bonds shall be fully paid, or provision therefor made in accordance with Section 9.3 of the Indenture, or (ii) the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full. Notwithstanding the foregoing, the term of this Lease Agreement shall in no event be extended beyond February 1, 20__, such extended date being the “Maximum Lease Term.” If prior to the Termination Date, all Bonds shall be fully paid, or provision therefor made in accordance with Section 9.3 of the Indenture, the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full, and the term of this Lease Agreement shall end simultaneously therewith.

ARTICLE III

RENTAL PAYMENTS

Section 3.01 Base Rental Payments.

(a) Subject to the provisions hereof relating to a revision of the Base Rental Payment Schedule pursuant to subsection (b) of this Section, the City shall pay to the Authority, as Base Rental Payments (subject to the provisions of Section 3.06 and Article VII hereof) the amount at the times specified in the Base Rental Payment Schedule, a portion of which Base Rental Payments shall constitute principal, and a portion of which shall constitute interest. Rental Payments, including Base Rental Payments, shall be paid by the City to the Authority for and in consideration of the right to use and occupy the Leased Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or of the State of California, or of any political subdivision thereof, within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

(b) If the term of this Lease Agreement shall have been extended pursuant to Section 2.02 hereof, the obligation of the City to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of this Lease Agreement (as so extended pursuant to Section 2.02 hereof). Upon such extension, the Base Rental Payments shall be established so that they will be sufficient to pay all extended and unpaid Base Rental Payments; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the annual fair rental value of the Leased Property.

Section 3.02 Additional Rental Payments. The City shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

(a) all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Leased Property or the respective interests or estates of the Authority or the City therein;

(b) all reasonable administrative costs of the Authority relating to the Leased Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or this Lease Agreement or to defend the Authority and its members, officers, agents and employees;

(c) insurance premiums for all insurance required pursuant to Article V hereof;

(d) any amounts with respect to this Lease Agreement or the Bonds required to be rebated to the federal government in accordance with Section 148(f) of the Code; and

(e) all other payments, other than Base Rental Payments, required to be paid by the City under the provisions of this Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable hereunder shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Section 3.03 Fair Rental Value. The parties hereto have agreed and determined that the annual fair rental value of the Leased Property is not less than the maximum annual Rental Payments due in any year. In making such determination of fair rental value, consideration has been given to the uses and purposes that may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public. Payments of the Rental Payments for the Leased Property during each Rental Period shall constitute the total rental for said Rental Period.

Section 3.04 Payment Provisions. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the principal office of the Trustee in Los Angeles, California, or such other place or entity as the Authority or Trustee shall designate. Each Base Rental Payment shall be deposited with the Trustee no later than the Base Rental Deposit Date preceding the Bond Payment Date on which such Base Rental Payment is due. Any Base Rental Payment which shall not be paid by the City when due and payable under the terms of this Lease Agreement shall bear interest from the date when the same is due hereunder until the same shall be paid at the rate equal to the highest rate of interest on any of the Outstanding Bonds. Notwithstanding any dispute between the Authority and the City, the City shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental

Payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this Section on any date shall be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund.

Section 3.05 Appropriations Covenant. The City covenants to take such action as may be necessary to include all Rental Payments due hereunder in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The City will deliver to the Authority and the Trustee a Certificate of the City stating that its final annual budget includes all Base Rental Payments due in such fiscal year within ten days after the filing or adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City.

Section 3.06 Rental Abatement. Except as otherwise specifically provided in this Section, during any period in which, by reason of material damage to, or destruction or condemnation of, the Leased Property, or any defect in title to the Leased Property, there is substantial interference with the City's right to use and occupy any portion of the Leased Property, Rental Payments shall be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and this Lease Agreement shall continue in full force and effect. The amount of such abatement shall be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Leased Property available for use and occupancy by the City during such Rental Period. The City and the Authority shall calculate such abatement and shall provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Leased Property, ending with the substantial completion of the work of repair or replacement of the Leased Property, or the portion thereof so damaged or destroyed and with the removal of any title defect causing an interference with use; and the term of this Lease Agreement shall be extended as provided in Section 2.02 hereof, except that the term shall in no event be extended beyond the Maximum Lease Term described in said Section.

Notwithstanding the foregoing, to the extent that moneys are available to be credited towards the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds and accounts.

ARTICLE IV

MAINTENANCE, ALTERATIONS AND ADDITIONS

Section 4.01 Maintenance and Utilities. Throughout the term of this Lease Agreement, as part of the consideration for rental of the Leased Property, all improvement, repair and maintenance of the Leased Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which

may include, without limitation, janitor service, security, power gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Rental Payments, the Authority agrees to provide only the Leased Property.

Section 4.02 Additions to Leased Property. Subject to Section 8.02 hereof, the City and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Leased Property so long as such additions, modifications and improvements will not result in an abatement of Rental Payments. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Leased Property, such additions, modifications and improvements shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. Such additions, modifications and improvements shall not in any way damage the Leased Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Leased Property immediately prior to the making of such additions, modifications and improvements.

Section 4.03 Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. The City or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City or any sublessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Property.

ARTICLE V

INSURANCE

Section 5.01 Commercial General Liability and Leased Property Damage Insurance; Workers' Compensation Insurance.

(a) The City shall maintain or cause to be maintained, throughout the term of this Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Leased Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of \$500,000 for damage to property (subject to a deductible clause of not to exceed \$250,000) resulting from a single accident or event. Such commercial general liability and property

damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City provided such self-insurance complies with the provisions of Section 5.04 hereof. The Net Insurance Proceeds of such liability insurance shall be deposited with the Trustee and applied as set forth in Section 4.7 of the Indenture.

(b) The City shall maintain or cause to be maintained, throughout the term of this Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Leased Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 5.04 hereof.

(c) The City shall maintain or cause to be maintained, fire, lightning and special extended coverage insurance (which shall include coverage for vandalism and malicious mischief, but need not include coverage for earthquake or flood damage) on all improvements constituting any part of the Leased Property in an amount of not less than the replacement cost of such improvements. All insurance required to be maintained pursuant to this subsection may be subject to a deductible in an amount not to exceed \$250,000. The City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 5.04 hereof.

(d) The City shall maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Leased Property as a result of any of the hazards required to be covered by the insurance required pursuant to subsection (c) of this Section in an amount not less than the maximum remaining scheduled Base Rental Payments in any future 24-month period. The City shall not be permitted to self-insure its obligation under this subsection.

(e) The insurance required by this Section shall be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of a professionally certified risk manager or an independent insurance consultant, to be adequate for the purposes hereof.

Section 5.02 Title Insurance. The City shall provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Leased Property in the aggregate amount of not less than the initial aggregate principal amount of the Bonds. Such policy or policies shall insure (a) the fee interest of the City in the Leased Property, (b) the Authority's leasehold estate in the Leased Property under the Site Lease, and (c) the City's leasehold estate in the Leased Property hereunder, subject only to Permitted Encumbrances. All Net Insurance Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in Section 4.8 of the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant to the Indenture or this Lease Agreement or required thereby or hereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Bond Owners.

Section 5.03 Additional Insurance Provision; Form of Policies. The City shall pay or cause to be paid when due the premiums for all insurance policies required by Section 5.01 hereof,

and shall promptly furnish or cause to be furnished evidence of such payments to the Trustee. All such policies shall provide that the Trustee shall be given 30 days' notice of the expiration thereof or any intended cancellation thereof. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee. All policies shall name the City, the Authority as insureds and the Trustee as a loss payee.

The City shall cause to be delivered to the Trustee on or before January 15 each year, commencing January 15, 2020, a Certificate of the City stating that such policies are in full force and effect and that the City is in full compliance with the requirements of this Article. The Trustee shall be entitled to rely upon said Certificate of the City as to the City's compliance with this Article. The Trustee shall not be responsible for the sufficiency of coverage or amounts of such policies.

Section 5.04 Self-Insurance. Insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance shall not be deemed to be self-insurance for purposes hereof. Any self-insurance maintained by the City pursuant to this Article shall comply with the following terms:

(a) the self-insurance program shall be approved in writing by a professionally certified risk manager or by an independent insurance consultant;

(b) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated on an annual basis by a professionally certified risk manager or by an independent insurance consultant and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of a professionally certified risk manager or such independent insurance consultant, as applicable; and

(c) in the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by a professionally certified risk manager or by an independent insurance consultant, shall be maintained.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01 Defaults and Remedies.

(a) (i) If the City shall fail (A) to pay any Rental Payment payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence in this Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the City, or (ii) upon the happening of any of the events specified in this subsection or in subsection (b) of this Section, the City shall be deemed to be in default hereunder and it shall be lawful for the Authority, to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement. The City shall in no event be in default in the observance or performance of any covenant, condition or agreement in this Lease Agreement on its part to be observed or performed, other than as referred to in clause (i)(A) or (ii) of the preceding sentence, unless the City shall have failed, for a period of 30 days or such additional time as is reasonably required to correct any such default after notice by the Authority to the City properly specifying wherein the City has failed to perform any such covenant, condition or agreement. Upon

any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Lease Agreement in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Leased Property as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Leased Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City. In the event of such termination, the City agrees to surrender immediately possession of the Leased Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Leased Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay Rental Payments or to deliver up possession of the Leased Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under this Lease Agreement shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease Agreement. The City covenants and agrees that no surrender of the Leased Property or of the remainder of the term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated by the Authority by such written notice.

(2) Without terminating this Lease Agreement, (x) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Leased Property, or (y) to exercise any and all rights of entry and re-entry upon the Leased Property. In the event the Authority, does not elect to terminate this Lease Agreement in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Leased Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of this Lease Agreement or, in the event that the Leased Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Rental Payments hereunder, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property. Should the Authority elect to re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Leased Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City, and the

City hereby indemnifies and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Leased Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-let the Leased Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The City further agrees to pay the Authority the cost of any alterations or additions to the Leased Property necessary to place the Leased Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City shall retain the portion of rental obtained by the Trustee, as assignee of the Authority, that is in excess of the Rental Payments, the fees, expenses and costs of the Trustee of re-letting the Leased Property, and all amounts payable by the City under this Lease Agreement and the Indenture

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Leased Property.

(b) If (i) the City's interest in this Lease Agreement or any part thereof is assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority and, as hereinafter provided for, or (ii) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to elect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general assignment for the benefit of the City's creditors, or (iii) the City shall abandon or vacate the Leased Property, then the City shall be deemed to be in default hereunder.

(c) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default, the Authority and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by this Lease Agreement or by law. The provisions of this Lease Agreement and the duties of the City and of its city council, officers or employees shall be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee shall have the right to bring the following actions:

(i) Accounting. By action or suit in equity to require the City and its city council, officers and employees and its assigns to account as the trustee of an express trust.

(ii) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or its assignee.

(iii) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City (and its city council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided herein.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Leased Property. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Lease Agreement, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder.

Notwithstanding anything to the contrary contained in this Lease Agreement, the Authority shall have no right upon a default hereunder by the City to accelerate Rental Payments.

(d) Notwithstanding anything to the contrary contained in this Lease Agreement, the termination of this Lease Agreement by the Authority and its assignees on account of a default by the City under this Section shall not effect or result in a termination of the Site Lease.

Section 6.02 Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease Agreement.

ARTICLE VII

EMINENT DOMAIN; PREPAYMENT

Section 7.01 Eminent Domain. If all of the Leased Property (or portions thereof such that the remainder is not usable for public purposes by the City) shall be taken under the power of eminent domain, the term hereof shall cease as of the day that possession shall be so taken. If less than all of the Leased Property shall be taken under the power of eminent domain and the remainder

is usable for public purposes by the City at the time of such taking, then the Lease Agreement shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the Rental Payments in accordance with the provisions of Section 3.06 hereof. So long as any Bonds shall be Outstanding, any award made in eminent domain proceedings for the taking of the Leased Property, or any portion thereof, shall be paid to the Trustee and applied to the redemption of Bonds as provided in subsection (b) of Section 2.2 of the Indenture and in Section 4.7 of the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and hereunder, have been fully paid, shall be paid to the Authority and to the City as their respective interests may appear.

Section 7.02 Prepayment.

(a) The City may prepay all or a portion of the Base Rental Payments attributable to the Bonds which are payable after _____ 1, 20__ from any source of available funds, on any date on or after _____ 1, 20__, by paying (i) all or a portion, as selected by the City, of the principal components of such Base Rental Payments, and (ii) the accrued but unpaid interest component of such Base Rental Payments to be prepaid to the date of such prepayment.

(b) The City may prepay, from any source of available funds, all or any portion of the Base Rental Payments attributable to the Bonds by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in Section 9.3 of the Indenture sufficient to make such Base Rental Payments when due or to make such Base Rental Payments through a specified date on which the City has a right to prepay such Base Rental Payments pursuant to subsection (a) of this Section, and to prepay such Base Rental Payments on such prepayment date, at a prepayment price determined in accordance with subsection (a) of this Section.

(c) If less than all of the Base Rental Payments attributable to the Bonds are prepaid pursuant to this Section then, as of the date of such prepayment pursuant to subsection (a) of this Section, or the date of a deposit pursuant to subsection (b) of this Section, the principal and interest components of such Base Rental Payments shall be recalculated by the City and transmitted to the Trustee in order to take such prepayment into account. The City agrees that if, following a partial prepayment of such Base Rental Payments, the Leased Property is damaged or destroyed or taken by eminent domain, or a defect in title to the Leased Property is discovered, the City shall not be entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and the City shall not be entitled to any reimbursement of such Base Rental Payments.

(d) If all of the Base Rental Payments are prepaid in accordance with the provisions of this Lease Agreement then, as of the date of such prepayment pursuant to subsection (a) of this Section, or deposit pursuant to subsection (b) of this Section and, if applicable, such corresponding provisions, and payment of all other amounts owed under this Lease Agreement, the term of this Lease Agreement shall be terminated.

(e) Prepayments of Base Rental Payments attributable to the Bonds made pursuant to this Section shall be applied to the redemption of the Bonds as directed by the City and as provided in Section 2.2 of the Indenture.

(f) Before making any prepayment pursuant to this Article, the City shall give written notice to the Authority and the Trustee specifying the date on which the prepayment will be

made (conditionally or otherwise), which date shall be not less than 30 nor more than 60 days from the date such notice is given to the Authority.

ARTICLE VIII

COVENANTS

Section 8.01 Right of Entry. The Authority and its assignees shall have the right to enter upon and to examine and inspect the Leased Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under this Lease Agreement, and for all other lawful purposes.

Section 8.02 Liens and Encumbrances. In the event the City shall at any time during the term of this Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Leased Property, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Leased Property and which may be secured by a mechanics', materialmen's or other lien against the Leased Property or the Authority's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien, it may do so as long as such contestment is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment. The City shall not create any mortgage, pledge, lien, charge or encumbrance upon the Leased Property other than Permitted Encumbrances.

Section 8.03 Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Lease Agreement peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Authority.

Section 8.04 Authority Not Liable. The Authority and its directors, officers, agents and employees, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Leased Property. To the extent permitted by law, the City shall, at its expense, indemnify and hold the Authority and the Trustee and all directors, members, officers and employees thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Leased Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Leased Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The City also covenants and agrees, at its expense, to pay and indemnify and save the Authority and the Trustee and all directors, officers and employees thereof harmless against and from any and all claims arising from (a) any condition of the Leased Property and the adjoining sidewalks and passageways, (b) any breach or default on the part of the City in the performance of any covenant or agreement to be performed by the City pursuant to this Lease Agreement, (c) any act or negligence of licensees in connection with their use, occupancy or operation of the Leased

Property, or (d) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Leased Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Authority or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the City, upon notice from the Authority or the Trustee or such director, member, officer employee thereof, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Authority or the Trustee or such director, member, officer or employee thereof.

Section 8.05 Assignment and Subleasing. Neither this Lease Agreement nor any interest of the City hereunder shall be sold, mortgaged, pledged, assigned, or transferred by the City by voluntary act or by operation by law or otherwise. The Leased Property may not be subleased in whole or in part by the City without the prior written consent of the Authority. Any such sublease shall be subject to all of the following conditions:

(a) this Lease Agreement and the obligation of the City to make all Rental Payments hereunder shall remain the primary obligation of the City;

(b) the City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) no such sublease by the City shall cause the Leased Property to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State of California;

(d) any sublease of the Leased Property by the City shall explicitly provide that such sublease is subject to all rights of the Authority under this Lease Agreement, including, the right to re-enter and re-let the Leased Property or terminate this Lease Agreement upon a default by the City; and

(e) the City shall furnish the Authority and the Trustee with an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

Section 8.06 Title to Leased Property. Upon the termination or expiration of this Lease Agreement (other than as provided in Section 6.01 and Section 7.01 hereof), and the first date upon which the Bonds are no longer Outstanding, all right, title and interest in and to the Leased Property shall vest in the City. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Section 8.07 Authority's Purpose. The Authority covenants that, prior to the discharge of this Lease Agreement and the Bonds, it will not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the Joint Powers Agreement.

Section 8.08 Representations of the City. The City represents and warrants to the Authority that (a) the City has the full power and authority to enter into, to execute and to deliver this Lease Agreement and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Lease Agreement and the

Indenture, and (b) the Leased Property will be used in the performance of essential governmental functions.

Section 8.09 Representation of the Authority. The Authority represents and warrants to the City that the Authority has the full power and authority to enter into, to execute and to deliver this Lease Agreement, the Assignment Agreement and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Lease Agreement, the Assignment Agreement and the Indenture.

ARTICLE IX

NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE

Section 9.01 No Consequential Damages. In no event shall the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease Agreement or the City's use of the Leased Property.

Section 9.02 Use of the Leased Property. The City will not use, operate or maintain the Leased Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease Agreement. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Leased Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Property; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Leased Property or its interest or rights under this Lease Agreement.

Section 9.03 Substitution or Release of the Leased Property. The City shall have the right to substitute alternate real property for any portion of the Leased Property or to release a portion of the Leased Property from this Lease Agreement. All costs and expenses incurred in connection with such substitution or release shall be borne by the City. Notwithstanding any substitution or release of Leased Property pursuant to this subsection, there shall be no reduction in or abatement of the Base Rental Payments due from the City hereunder as a result of such substitution or release. Any such substitution or release of any portion of the Leased Property shall be subject to the following specific conditions, which are hereby made conditions precedent to such substitution or release:

(a) an independent certified real estate appraiser selected by the City shall have found (and shall have delivered a certificate to the City and the Trustee setting forth its findings) that the Leased Property, as constituted after such substitution or release, (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds;

(b) the City shall have obtained or caused to be obtained a CLTA or ALTA title insurance policy or policies with respect to any substituted property in the amount at least equal to the aggregate principal amount of any Outstanding Bonds of the type and with the endorsements described in Section 5.02 hereof;

(c) the City shall have provided the Trustee with an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes;

(d) the City, the Authority and the Trustee shall have executed, and the City shall have caused to be recorded with the Kern County Recorder, any document necessary to reconvey to the City the portion of the Leased Property being released and to include any substituted real property in the description of the Leased Property contained herein and in the Site Lease;

(e) [Reserved]

(f) no Event of Default (within the meaning of Article VI hereof) has occurred and is continuing;

(g) the City will give, or cause to be given, any notice of the occurrence of such substitution or release required to be given pursuant to Section 9.12 of the Indenture;

(h) the City will certify to the Trustee that the City has a current need for the substituted real property; and

(i) the City shall certify to the Trustee that any substitution or release shall not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.01 Law Governing. THIS LEASE AGREEMENT SHALL BE GOVERNED EXCLUSIVELY BY THE PROVISIONS HEREOF AND BY THE LAWS OF THE STATE OF CALIFORNIA AS THE SAME FROM TIME TO TIME EXIST.

Section 10.02 Notices. All written notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the City:	City of Taft 209 E. Kern Street Taft, California 93268 Attention: City Manager
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If to the Authority:	Taft Public Financing Authority 209 E. Kern Street Taft, California 93268 Attention: Executive Director
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If to the Trustee: U.S. Bank National Association
633 W. 5th Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Services

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 10.03 Validity and Severability. If for any reason this Lease Agreement shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay Rental Payments, is unenforceable for the full term hereof; then and in such event this Lease Agreement is and shall be deemed to be a Lease Agreement under which the Rental Payments are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Leased Property, and all of the terms, provisions and conditions of this Lease Agreement, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 10.04 Net-Net-Net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the City and the Authority.

Section 10.05 Taxes. The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Leased Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the term of this Lease Agreement as and when the same become due.

The City or any sublessee may, at the City's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the City or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Leased Property will be materially endangered or the Leased Property, or any part thereof, will be subject to loss or forfeiture, in which event the City or such sublessee shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Section 10.06 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease Agreement.

Section 10.07 Amendments.

(a) This Lease Agreement and the Site Lease may be amended and the rights and obligations of the Authority and the City hereunder and thereunder may be amended at any time by an amendment hereto or thereto which shall become binding upon execution and delivery by the Authority and the City, but only with the prior written consent of the Owners of a majority of the principal amount of the Bonds then Outstanding pursuant to the Indenture, provided that no such amendment shall (i) extend the payment date of any Base Rental Payments, reduce the interest component or principal component of any Base Rental Payments or change the prepayment terms and provisions, without the prior written consent of the Owner of each Bond so affected, or (ii) reduce the percentage of the principal amount of the Bonds the consent of the Owners of which is required for the execution of any amendment of this Lease Agreement or the Site Lease.

(b) This Lease Agreement and the Site Lease and the rights and obligations of the Authority and the City hereunder and thereunder may also be amended at any time by an amendment hereto or thereto which shall become binding upon execution by the Authority and the City, without the written consents of any Owners but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed herein or therein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved herein or therein to or conferred herein or therein on the Authority or the City, and which in either case shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or therein or in regard to questions arising hereunder or thereunder which the Authority or the City may deem desirable or necessary and not inconsistent herewith or therewith, and which shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(iv) to provide for the substitution or release of a portion of the Leased Property in accordance with the provisions of Section 9.03 hereof;

(v) to provide for additional Base Rental Payments to be paid by the City hereunder ("Parity Base Rental Payments") in connection with the issuance of additional bonds, certificates of participation, notes or other indebtedness of the Authority or another joint exercise of powers authority, financing corporation or other similar entity; provided that (i) the Lease Agreement, as so amended, shall contain the provisions set forth in Section 10.07(c) and further that the procedures and requirements set forth in Section 10.07(d) shall have been satisfied; (ii) the City

shall not be in default under this Lease Agreement as provided in Section 6.01(a); (iii) the Site Lease shall have been amended, to the extent necessary to effectuate such amendment; and (iv) no such amendment shall be made such that the sum of Base Rental Payments and Parity Base Rental Payments, including Parity Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period shall be in excess of the annual fair rental value of the Leased Property after taking into account the use of the proceeds of any bonds or other indebtedness issued in connection therewith (evidence of the satisfaction of such condition shall be made by a written certificate of the City); or

(vi) to make such other changes herein or therein or modifications hereto or thereto as the Authority or the City may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners, in the determination of the City.

(c) In the event this Lease Agreement is amended to provide for Parity Base Rental Payments, the Lease Agreement, as so amended, shall specify the following:

(i) the Parity Base Rental Payments shall be payable as to principal semiannually on February 1 and August 1 in any year in which principal falls due and shall be payable as to interest semiannually on February 1 and August 1 of each year, except that the first installment of interest may be payable on either February 1 and August 1 and shall be for a period of not longer than twelve months and the interest shall be payable thereafter semiannually on February 1 and August 1;

(ii) the redemption premiums and terms, if any, for such Parity Base Rental Payments; and

(iii) the Authority shall agree, acknowledge and consent to the payment of such Parity Base Rental Payments to another joint exercise of powers authority, financing corporation or other similar entity if and to the extent such other entity is issuing additional bonds, certificates of participation, notes or other indebtedness secured by such Parity Base Rental Payments; and

(iv) such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof.

(d) An amendment of this Lease Agreement to provide for Parity Base Rental Payments shall become effective only upon the receipt by the Trustee of the following:

(i) Certified copies of the amendment to the Lease Agreement authorizing the Parity Base Rental Payments and the amendment to the Site Lease, if any, required in connection with such amendment, together with satisfactory evidence that such amendment to the Lease Agreement and such amendment to the Site Lease, if any, have been duly recorded;

(ii) An opinion of Bond Counsel substantially to the effect that (i) the Lease Agreement (including the amendment thereto) and the Site Lease (including any amendment thereto) have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Authority and the City, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of

judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), and (ii) such amendment of the Lease Agreement and Site Lease, in and of itself, will not adversely affect the exclusion of interest on any tax-exempt Bonds then Outstanding from gross income for federal income tax purposes;

(iii) a Written Certificate of the City that the requirements of Section 10.07, subsections (b)(v), (c) and (d) have been met, and a Written Certificate of the City as to the fair rental value of the Leased Property, after giving effect to the subject Lease Agreement amendment, and to the use of proceeds received therefrom; and

(iv) Such further documents as are required by the provisions hereof or by the provisions of the amended Lease Agreement providing for the Parity Base Rental Payments.

(e) The Authority covenants that the Indenture shall not be amended, nor shall the Authority agree or consent to any amendment of the Indenture, without the prior written consent of the City.

Section 10.08 Assignment. The City and the Authority hereby acknowledge the assignment of this Lease Agreement (except for the Authority's obligations and its rights to give consents or approvals hereunder), and the Base Rental Payments payable hereunder, to the Trustee pursuant to the Assignment Agreement. To the extent that this Lease Agreement confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Lease Agreement, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 10.09 Execution. This Lease Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the City have caused this Lease Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF TAFT

By: _____
City Manager

ATTEST:

City Clerk

TAFT PUBLIC FINANCING AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in the Leased Premises conveyed under the foregoing to the City of Taft, a municipal corporation duly organized and existing under the Constitution and laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the City Council of the City of Taft, pursuant to authority conferred by resolution of the said City Council adopted on _____, 2019 and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2019

CITY OF TAFT

By: _____
Craig Jones
City Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF KERN)

)
) SS.
)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF KERN)

)
) SS.
)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THAT REAL PROPERTY IN THE CITY OF TAFT, COUNTY OF KERN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL 1 OF PARCEL MAP NO. 9319, IN THE CITY OF TAFT, COUNTY OF KERN, STATE OF CALIFORNIA, AS PER MAP FILED JANUARY 31, 1991 IN BOOK 41, PAGE 75 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL OIL, GAS AND OTHER HYDROCARBONS; NON HYDROCARBONS GASES OR GASEOUS SUBSTANCES; ALL OTHER MINERALS OF WHATSOEVER NATURE, WITHOUT REGARD TO SIMILARITY TO THE ABOVE MENTIONED SUBSTANCES; AND ALL SUBSTANCES THAT MAY BE PRODUCED THEREWITH FROM THE PROPERTY.

ALSO EXCEPTING THEREFROM THE SOLE AND EXCLUSIVE RIGHT FROM TIME TO TIME TO DRILL AND MAINTAIN WELLS AND OTHER WORKS INTO OR THROUGH THE PROPERTY AND THE ADJOINING STREETS, ROADS AND HIGHWAYS BELOW A DEPTH OF 500 FEET AND TO PRODUCE, INJECT, STORE AND REMOVE FROM AND THROUGH SUCH WELLS OR WORKS, OIL, GAS, WATER AND OTHER SUBSTANCES OF WHATEVER NATURE, INCLUDING THE RIGHT TO PERFORM BELOW SAID DEPTH ANY AND ALL OPERATIONS DEEMED BY GRANTOR NECESSARY OR CONVENIENT FOR THE EXERCISE OF SUCH RIGHTS.

THE RIGHTS HEREINABOVE EXCEPTED AND RESERVED BY CHEVRON U.S.A. INC., IN DEED RECORDED FEBRUARY 24, 1988 IN BOOK 6156, PAGE 245 OF OFFICIAL RECORDS, AND CORRECTION DEED RECORDED APRIL 19, 1989 IN BOOK 6230, PAGE 1435 OF OFFICIAL RECORDS, DO NOT INCLUDE AND DO NOT EXCEPT OR RESERVE TO GRANTOR ANY RIGHT OF GRANTOR TO USE THE SURFACE OF THE PROPERTY OR THE FIRST 500 FEET BELOW SAID SURFACE OR TO CONDUCT ANY OPERATIONS THEREON OR THEREIN, UNLESS HEREIN SPECIFICALLY EXCEPTED AND RESERVED, ALL RIGHTS AND INTERESTS IN THE SURFACE OF SAID REAL PROPERTY ARE HEREBY CONVEYED TO GRANTEE.

EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

<i>Date*</i>	<i>Principal Component</i>	<i>Interest Component</i>	<i>Total Base Rental</i>
8/1/19			
2/1/20			
8/1/20			
2/1/21			
8/1/21			
2/1/22			
8/1/22			
2/1/23			
8/1/23			
2/1/24			
8/1/24			
2/1/25			
8/1/25			
2/1/26			
8/1/26			
2/1/27			
8/1/27			
TOTAL	\$ _____	\$ _____	\$ _____

* Base Rental Deposit Date is the Business Day prior to each of the dates listed above and the Base Rental Payments due shall be deposited with the Trustee not later than the Base Rental Deposit Date.

REIMBURSEMENT AGREEMENT

by and between

TAFT COMMUNITY DEVELOPMENT AGENCY

and

CITY OF TAFT

Dated as of November 1, 1998

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of November 1, 1998, by and between the Taft Community Development Agency (the "Agency") and the City of Taft (the "City");

W I T N E S S E T H:

WHEREAS, the Agency is a duly constituted redevelopment agency under the laws of the State of California and pursuant to such laws has duly proceeded with the redevelopment of the Taft Community Development Project No. 1 (the "Project Area") within the City;

WHEREAS, the Redevelopment Plan for said Project Area provides for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Law") and Section 16 of Article XVI of the Constitution of the State of California;

WHEREAS, the Agency is authorized pursuant to Section 33445 and 33679 of the Law, with the consent of the City Council of the City, to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvements which are publicly owned within the Project Area, upon a determination by the Agency and said City Council that such buildings, facilities, structures or other improvements are of benefit to said Project Area;

WHEREAS, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, has been or will be paid or provided for initially by the City, the Agency may enter into a contract with the City under which it agrees to reimburse the City for all or part of the value of such land or all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years;

WHEREAS, the obligation of the Agency under such contract shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment project for such Project Area, which indebtedness may be made payable out of taxes levied in such Project Area and allocated to the Agency under subdivision (b) of Section 33670 of the Law, or out of any other available funds;

WHEREAS, the Taft Public Financing Authority (the "Authority"), as lessor, has leased certain property, namely the police station headquarters facility located near the intersection of Gardner Field Road and Commerce Way (the "Police Station Facility") (the "Project") within the Project Area to the City, as lessee, pursuant to that certain Amended and Restated Lease Agreement, dated as of November 1, 1998, by and between the Authority and the City (the "Amended and Restated Lease Agreement");

WHEREAS, the City shall make lease payments pursuant to the Amended and Restated Lease Agreement in such amounts as provided therein; and

WHEREAS, the City Council has heretofore held the public hearing required by Section 33679 of the Law and has, pursuant to Resolution No. 1954, adopted June 19, 1990, made the findings and determinations required by Section 33445 and Section 33679 of the Law;

NOW, THEREFORE, in consideration of the cooperation of the City in undertaking the redevelopment of the Agency's Project Area and of the mutual covenants herein contained, it is agreed by and between the parties hereto as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Reimbursement Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified.

Additional Tax Allocation Obligations

"Additional Tax Allocation Obligations" means all loans, advances and indebtedness, including, without limitation, the loan made by the Taft Public Financing Authority to the Agency pursuant to the Loan Agreement, dated as of November 1, 1998, by and between such Authority and the Agency, and all other bonds, notes or other obligations heretofore or hereafter issued or incurred by the Agency and payable from Tax Revenues.

Agency

"Agency" means the Taft Community Development Agency, a redevelopment agency and public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

Amended and Restated Lease Agreement

"Amended and Restated Lease Agreement" means that certain lease entitled "Amended and Restated Lease Agreement" by and between the Taft Public Financing Authority, as lessor, and the City, as lessee, of the Project dated as of November 1, 1998.

Business Day

"Business Day" means any day of the year other than a Saturday, Sunday or a day on which banks are authorized or required to be closed in the city in which the Trustee is located.

City

"City" means the City of Taft, California, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California.

Due Date

"Due Date" means the day which is five (5) Business Days prior to each January 1 and July 1, commencing July 1, 1999, being the day upon which a Lease Payment is due and payable by the City pursuant to the Amended and Restated Lease Agreement.

Law

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Reimbursement Agreement to the Law, reference is made to the Law as in force on the date of the execution of this Reimbursement Agreement, unless the context otherwise requires.

Lease Payments

"Lease Payments" means all amounts paid by the City as lease payments pursuant to Section 404 of the Amended and Restated Lease Agreement.

Project

"Project" means the Police Station Facility referred to above.

Project Area

"Project Area" means the Taft Community Development Project No. 1 of the Agency.

Tax Revenues

"Tax Revenues" means all taxes allocable to, and payable into a special fund of the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Project Area, including all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, but excluding payments to the Agency with respect to personal property within the Project Area pursuant to 16110 et seq. as of the Government Code of the State of California, excluding any amounts required to be used to improve the community's supply of low or moderate income housing pursuant to Section 33334.2 of the Law and excluding amounts required to be paid to other taxing agencies under contracts entered into pursuant to Section 33401 of the Law.

Section 2. Reimbursement; Other Payments. To assist the City in paying the cost of the Project, the Agency and the City agree that to the extent available, Tax Revenues shall be used and applied to repay the City for all Lease Payments made or required to be made by the City to the Taft Public Financing Authority under the Amended and Restated Lease Agreement and shall be used and applied to pay such Lease Payments in the event the City is unable to pay such Lease

Payments for any reason, including, without limitation, the abatement of such Lease Payments in accordance with the further provisions of the Amended and Restated Lease Agreement. Each such repayment or other payment shall be due and payable by the Agency to the City one (1) Business Day prior to the Due Date of the applicable Lease Payment. The Agency shall reduce the amount of its payment obligation hereunder to the extent that the City shall notify the Agency prior to the applicable Due Date that it has on deposit moneys with respect to which the City does not require such payment, provided that the Agency shall be and remain liable to pay the entire payment, if and to the extent that the City does not pay the applicable Lease Payment. The Agency may apply other legally available moneys to make payments hereunder.

Section 3. Special Fund Obligation. Upon receipt by the City, each payment by the Agency hereunder shall be deposited in a special fund of the City and shall be used by the City solely to make the applicable Lease Payment by causing such Lease Payment to be delivered on or before the applicable Due Date.

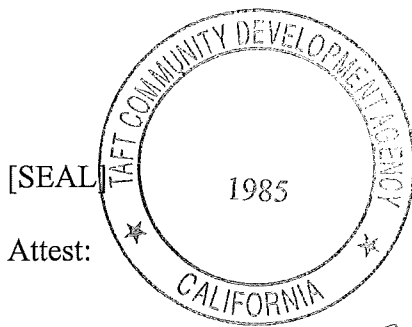
Section 4. Additional Tax Allocation Obligations. The payment obligations of the Agency pursuant to this Reimbursement Agreement shall be junior and subordinate to all Additional Tax Allocation Obligations and nothing herein shall prevent the Agency from issuing or incurring such Additional Tax Allocation Obligations.

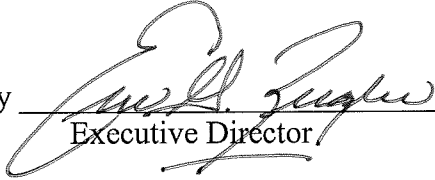
Section 5. Pledge and Assignment. Subject to the rights hereunder of the Agency with respect to Additional Tax Allocation Obligations, the Agency hereby, for the security of the Agency's payment obligations hereunder, pledges the Net Tax Increment Revenues to the City, and creates a lien for the benefit of the City.

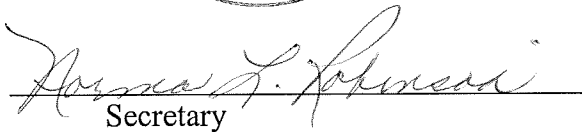
Section 6. Default by the Agency. If the Agency shall fail to repay the City or shall fail to pay any other payment required to be paid hereunder at the time specified herein, and such failure shall continue for a period of ten (10) days, then the City or, if applicable, any assignee, shall be entitled to exercise any and all remedies available pursuant to law; provided, however, that any such default shall not constitute an event of default under the Indenture or the Amended and Restated Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Reimbursement Agreement as of the day and year first above written.

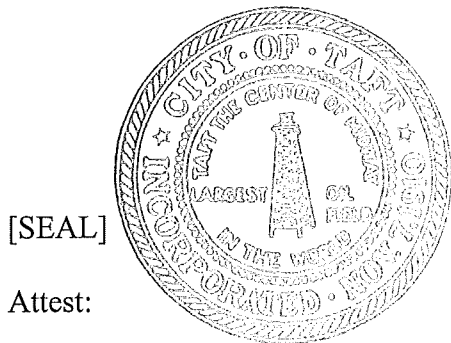
TAFT COMMUNITY DEVELOPMENT AGENCY



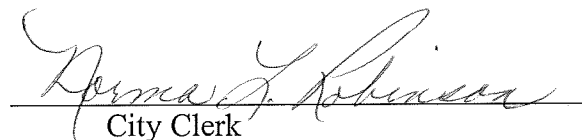
By 
Executive Director


Secretary

CITY OF TAFT



By 
Mayor


City Clerk

AMENDMENT NO. 1 TO REIMBURSEMENT AGREEMENT

by and between

**SUCCESSOR AGENCY TO THE TAFT
COMMUNITY DEVELOPMENT AGENCY**

and

CITY OF TAFT

Relating to

**\$ _____
TAFT PUBLIC FINANCING AUTHORITY
2019 REVENUE REFUNDING BONDS
(POLICE STATION AND REDEVELOPMENT PROJECTS)**

Dated as of _____ 1, 2019

AMENDMENT NO. 1 TO REIMBURSEMENT AGREEMENT

This AMENDMENT NO. 1 TO REIMBURSEMENT AGREEMENT (the “Amendment”) is executed and entered into as of _____ 1, 2019 by and between the SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY, a public body corporate and politic, duly organized and existing under the laws of the State of California (the “Successor Agency”) and the CITY OF TAFT, a California municipal corporation (the “City”).

WITNESSETH:

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

WHEREAS, the Redevelopment Plan for the Taft Community Development Project in the City of Taft, California has been approved by Ordinance No. 522, adopted by the City Council of the City of Taft on July 15, 1986, and amended by Ordinance No. 619-94, adopted on October 18, 1994 and by Ordinance No. 758-08, adopted on February 5, 2008, together with any amendments thereof heretofore or hereafter duly enacted pursuant to the Law; and

WHEREAS, on February 1, 2012, the Former Agency was dissolved and its redevelopment powers, assets and obligations were transferred to the Successor Agency pursuant to Health and Safety Code Section 34173; and

WHEREAS, the Taft Public Financing Authority (the “Authority”), a joint exercise of powers authority, previously issued its 1998 Revenue Refunding Bonds (Police Station and Redevelopment Projects) (the “1998 Bonds”); and

WHEREAS, the City previously entered into the Amended and Restated Lease Agreement (Taft Police Station Project), dated as of November 1, 1998 (the “Amended and Restated Lease Agreement”) pursuant to which the City leased certain real property and facilities consisting of the City’s police station from the Authority and agreed to make lease payments to the Authority, which lease payments were pledged by the Authority to the 1998 Bonds; and

WHEREAS, in connection with the issuance of the 1998 Bonds and the execution and delivery by the City of the Amended and Restated Lease Agreement, the City and the Former Agency entered into that certain Reimbursement Agreement, dated as of November 1, 1998 (the “Original Agreement”; and, as amended by this Amendment, the “Reimbursement Agreement”), pursuant to which the Former Agency agreed to repay the City for all Lease Payments (defined in the Original Agreement) made or required to be made by the City to the Authority under the Amended and Restated Lease Agreement and to pay the Lease Payments in the event the City is unable to pay such Lease Payments for any reason; and

WHEREAS, the Authority has determined to issue its 2019 Revenue Refunding Bonds (Police Station and Redevelopment Projects), (the “2019 Bonds”) in the aggregate principal amount of \$ _____ for the purpose of refunding the 1998 Bonds; and

WHEREAS, in connection with the issuance of the 2019 Bonds, and in order to prepay and refinance the Amended and Restated Lease Agreement for savings, the City will lease certain real property and the improvements located thereon (the “Leased Property”) to the Authority pursuant to a Site Lease, dated as of the date hereof, and the City will sublease the Leased Property back from the Authority pursuant to a Lease Agreement, dated as of the date hereof (the “2019 Lease Agreement”); and

WHEREAS, California Health and Safety Code Section 34177.5(a)(3) authorizes the Successor Agency to amend an existing enforceable obligation under which the Successor Agency is obligated to reimburse a political subdivision of the state for the payment of debt service on an obligation of the political subdivision, or to pay all or a portion of the debt service on an obligation of the political subdivision to provide savings to the Successor Agency, provided that (A) the enforceable obligation is amended in connection with a refunding of the obligations of the political subdivision so that the enforceable obligation will apply to the refunding indebtedness of the political subdivision, (B) the total interest cost to maturity on the refunding indebtedness plus the principal amount of the refunding indebtedness shall not exceed the total remaining interest cost to maturity on the indebtedness to be refunded plus the remaining principal of the indebtedness to be refunded, and (C) the principal amount of the refunding indebtedness shall not exceed the amount required to defease the refunded indebtedness, to establish customary debt service reserves and to pay related costs of issuance; and

WHEREAS, the City and the Successor Agency desire to enter into this Amendment pursuant to Health and Safety Code Section 34177.5(a)(3) to provide that the Successor Agency’s obligations (as successor to the Former Agency) under the Reimbursement Agreement shall continue in full force and effect and shall apply to the 2019 Lease Payments under the 2019 Lease Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Amendments to Section 1, Definitions.

(a) The definition of “Additional Tax Allocation Obligations” in the Original Agreement is hereby amended, restated and superseded as follows:

Additional Tax Allocation Obligations

“Additional Tax Allocation Obligations” means all loans, advances and indebtedness, including, without limitation, the loan made by the Authority to the Successor Agency pursuant to the Loan Agreement, dated as of _____, 2019, by and between the Authority and the Successor Agency, and all other bonds, notes or other obligations heretofore or hereafter issued or incurred by the Former Agency or the Successor Agency and payable from Tax Revenues.

(b) The definition of “Due Date” in the Original Agreement is hereby amended, restated and superseded as follows:

Due Date

“Due Date” means the day which is five (5) Business Days prior to each February 1 and August 1, commencing [August 1, 2019], being the day upon which a 2019 Lease Payment is due and payable by the City pursuant to the 2019 Lease Agreement.

(c) The following definitions are hereby added to Section 1 of the Original Agreement:

Successor Agency

“Successor Agency” means the Successor Agency to the Taft Community Development Agency, a public body, corporate and politic.

2019 Lease Agreement

“2019 Lease Agreement” means that certain Lease Agreement, dated as of _____, 2019, by and between the City and the Authority, relating to the 2019 Bonds.

2019 Lease Payments

“2019 Lease Payments” means all amounts received by the Authority or the Trustee pursuant to or with respect to the 2019 Lease Agreement, including, without limitation, all of the Base Rental Payments (as defined in the 2019 Lease Agreement, and including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding Additional Rental Payments (defined in the 2019 Lease Agreement).

Section 2. Amendments to Original Agreement. The Original Agreement is hereby amended as follows:

(a) All references to the Agency shall be deemed to be references to the Successor Agency.

(b) All references to the Amended and Restated Lease Agreement shall be deemed to be references to the 2019 Lease Agreement.

(c) All references to the Lease Payments shall be deemed to be references to the 2019 Lease Payments.

Section 3. Definitions. The terms not defined herein shall have the meaning ascribed to them in the Original Agreement.

Section 4. Except as expressly set forth in this Amendment, the Original Agreement shall continue in full force and effect in accordance with its terms.

Section 5. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed and entered into this Amendment No. 1 to Reimbursement Agreement by their officers thereunto duly authorized as of the day and year first above written.

SUCCESSOR AGENCY TO THE
TAFT COMMUNITY DEVELOPMENT AGENCY

By: _____
Craig Jones, Executive Director

ATTEST:

Secretary

CITY OF TAFT

By: _____
Craig Jones, City Manager

ATTEST:

City Clerk

Taft Public Financing Authority
List of Lenders for 2019 Revenue Refunding Bonds
February 22, 2019

1. BB&T
2. BBVA Compass
3. Bank of the West
4. Banner Bank
5. California Bank and Trust
6. Capital One
7. CoBiz Public Finance
8. Farmers and Merchants Bank
9. Flagstar Bank
10. JPMorgan Chase
11. Key Bank
12. Municipal Finance Corp/ City
National Bank
13. Opus Bank
14. Pacific Western Bank
15. River City Bank
16. Signature Public Funding
17. Sterling National Bank
18. Umpqua Bank
19. United Security Bank
20. Wells Fargo
21. Westamerica Bank
22. Western Alliance Bank

TAFT PUBLIC FINANCING AUTHORITY
Summary of Proposals Received for
2019 Revenue Refunding Bonds
(Refunding of Taft Public Financing Authority 1998 Revenue Refunding Bonds)
March 11, 2019



	BB&T <u>Governmental Finance</u>	<u>BBVA Compass</u>	<u>Umpqua Bank[2]</u>	<u>Westamerica Bank</u>
Interest Rate:	3.14%	3.78%	3.18%	3.20%
Rate Lock Terms:	Rate locked through June 5, 2019	Rate locked 30 days prior to closing <i>(subject to formal credit approval)</i> 60 day rate lock available for 5 bp	Rate locked 3 weeks prior to closing	Rate locked 30 to 45 days prior to closing
Prepayment Provisions:	(a) Callable on any payment date, in whole but not in part, on or after 2-1-24 at par OR (b) Callable on any payment date, in whole but not in part, at 101%	Callable after 5 years at par	Year 1-2 at 103% Year 3-4 at 102% Year 5 at 101% Year 6 and after at par	Callable after 4 years at par
Bank Counsel / Loan Fee [1]	\$8,500	\$12,500	\$13,000	\$0
Proposal Expiration:	3/23/2019			
Financing Results:				
All-In TIC	4.80%			4.76%
Average Annual Savings	\$36,423			\$37,211
Total Savings	\$225,389			\$228,122
NPV Savings	\$196,462			\$199,165
NPV Savings %	7.94%			8.047%

[1] Additionally, bond counsel, municipal advisor, placement agent, CDIAC, fiscal consultant, verification and escrow agent rounding and miscellaneous fees apply to all proposals.

[2] Interest rate includes a relationship discount that assumes the City will establish an average \$1,000,000 banking relationship with Umpqua Bank.

The following banks declined to submit a proposal:

Bank of the West	Farmers and Merchants Bank	Opus Bank	United Security Bank
Banner Bank	Flagstar Bank	Pacific Western Bank	Wells Fargo
California Bank and Trust	JPMorgan Chase	River City Bank	Western Alliance Bank
Capital One	Key Bank	Signature Public Funding	
CoBiz Public Finance	Municipal Finance Corp.	Sterling National Bank	

Approx. Loan Amount: \$2,310,000
Final Maturity: February 1, 2028
Approx. Average Life: 4.20 years
Estimated Closing Date: June 5, 2019
Bank Qualified: Yes