

**SPECIAL MEETING  
SUCCESSOR AGENCY TO THE  
PORTERVILLE REDEVELOPMENT AGENCY  
CITY HALL, 291 N. MAIN STREET  
PORTERVILLE, CALIFORNIA  
OCTOBER 18, 2016, 7:30 PM**

Call to Order

Roll Call

**ORAL COMMUNICATIONS**

This is the opportunity to address the Successor Agency on any matter of interest, whether on the agenda or not. Unless additional time is authorized by the Agency, all commentary shall be limited to three minutes.

**SCHEDULED MATTERS**

**1. Refinancing of the 2008 Redevelopment Bond Issue**

Re: Consideration of a draft resolution approving and authorizing distribution of a Preliminary Official Statement and approving the form and authorizing the execution of a Bond Purchase Agreement in connection with the offering and sale of tax allocation bonds to refinance Redevelopment activities of the former Porterville Redevelopment Agency and approving related documents and actions.

**ADJOURNMENT**

In compliance with the Americans with Disabilities Act and the California Ralph M. Brown Act, if you need special assistance to participate in this meeting, or to be able to access this agenda and documents in the agenda packet, please contact the Office of City Clerk at (559) 782-7464. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting and/or provision of an appropriate alternative format of the agenda and documents in the agenda packet.

Materials related to an item on this Agenda submitted to the Successor Agency after distribution of the Agenda packet are available for public inspection during normal business hours at the Office of City Clerk, 291 North Main Street, Porterville, CA 93257, and on the City's website at [www.ci.porterville.ca.us](http://www.ci.porterville.ca.us).



## SUCCESSOR AGENCY AGENDA – OCTOBER 18, 2016

**SUBJECT:** Refinancing of the 2008 Redevelopment Bond Issue

**SOURCE:** City Manager's Office

**COMMENT:** In December 1992, the Porterville Redevelopment Agency issued \$6,185,000 in Tax Allocation Bonds to finance Redevelopment Projects within the Porterville Redevelopment Project No. 1. In September 2008, the Agency refunded the Bonds for \$8,475,000 for the purposes of financing the Porterville Hotel Project and related housing project.

On June 7, 2016, the Successor Agency to the Porterville Redevelopment Agency adopted Successor Agency Resolution 2016-05 approving the issuance of refunding the bonds. On June 16, 2016, the Oversight Board to the Successor Agency of the Porterville Redevelopment Agency adopted Resolution 2016-05 also approving the refunding of the Redevelopment Agency bonds. On August 12, 2016, the Department of Finance approved the Oversight Board action.

Wulff Hansen & Co., as municipal advisor to the Successor Agency, prepared an analysis of the potential savings that would accrue to the Successor Agency and to applicable taxing entities as a result of refinancing the 2008 series A bonds and 2008 series C bonds, as well as the 2008 series B and 2008 series D bonds. This analysis shows that based on current market conditions the proposed refunding of the Series 2008A, 2008B, 2008C and 2008D bonds would produce debt service savings in accordance with the Dissolution Act.

Preliminary Official Statement. A required step in the process of issuing the Bonds is approving a Preliminary Official Statement (the "POS") to be used in marketing the Bonds. Staff has worked with Quint & Thimmig, Bond and Disclosure Counsel, Wulff Hansen & Co., Financial Advisor, RSG, Inc., Fiscal Consultant, Stradling Yocca Carlson & Rauth, Successor Agency Counsel, and Fitzgerald Public Finance, a Division of Gates Capital Corporation, the Underwriter, to prepare a draft of the POS for review by the Successor Agency Board. Copies of the draft of the POS have been distributed to Board members.

The POS is the "offering document" for the Bonds. The Successor Agency Board has an obligation to ensure that the POS includes all information that would be material to a prospective investor's decision whether to purchase the Bonds. While the Successor Agency's legal counsel, consultants, and the Underwriter have participated in preparing the POS, the Successor Agency Board and staff are ultimately responsible for ensuring that the POS is accurate, contains no misleading information and does not omit any information necessary

to make the POS not misleading to investors.

Bond Purchase Agreement. The Bond Purchase Agreement (“BPA”) provides the terms and conditions on which the Underwriter will purchase the Bonds from the Successor Agency. The financial terms will be filled in upon the pricing of the Bonds, provided that the issuance of the Bonds and defeasance of the 2008A, 2008B, 2008C and 2008D bonds must meet the savings test set forth in Section 34177.5(a)(1) of the Dissolution Act. A form of the BPA has been distributed to Board members.

The resolution before the Board will approve the form of the POS and the BPA, and authorize the Executive Director and other officials of the Successor Agency to finalize the POS for distribution to prospective investors.

RECOMMENDATION: That the Successor Agency to the former Porterville Redevelopment Agency adopt the draft resolution approving and authorizing distribution of a Preliminary Official Statement and approving the form and authorizing the execution of a Bond Purchase Agreement in connection with the offering and sale of tax allocation bonds to refinance Redevelopment activities of the former Porterville Redevelopment Agency and approving related documents and actions; and should any modification be required to the documents, the Executive Director and/or the Finance Director shall be authorized to make any augmentation, modification, additions or revisions as may be necessary to conform to the requirements.

ATTACHMENTS:

1. June 7, 2016 Successor Agency staff report and attachments
2. Fiscal Consultant Report 2016 Tax Allocation Refunding Bonds
3. Draft Resolution
4. Preliminary Official Statement
5. Bond Purchase Agreement

Appropriated/Funded:

Review By:

Department Director:

Jenni Byers, Community Development Director

Final Approver: John Lollis, City Manager



## CITY COUNCIL AGENDA – JUNE 7, 2016

**SUBJECT:** Refinancing of the 2008 Redevelopment Bond Issue

**SOURCE:** City Manager's Office

**COMMENT:** In December 1992, the Porterville Redevelopment Agency issued \$6,185,000 in Tax Allocation Bonds to finance Redevelopment Projects within the Downtown project area. In September 2008, the Agency refunded the Bonds for \$8,475,000 for the purposes of financing the Porterville Hotel Project and related housing project.

Effective February 2, 2012, pursuant to Assembly Bill x1 26 (AB 26), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. AB 26 enabled the formation of Successor Agencies, which have the responsibility of winding down outstanding obligations of the former redevelopment agencies. On June 27, 2012, the State passed Assembly Bill 1484 (AB 1484), which included provisions permitting Successor Agencies to refund outstanding bonds or other obligations of a former redevelopment agency to achieve savings. Successor Agencies have since refunded their existing redevelopment bonds to provide savings to taxing entities, based on the current favorable interest rate environment.

The 2008 bonds are currently outstanding in the amount of \$14,957,533, and have a final term of June 1, 2040, with existing interest rates ranging from 4.70% to 5.85% for the tax-exempt bonds and 7.125% to 8.50% for the taxable bonds. Based on current interest rates, the prior bonds could be refunded to the same term at interest rates from 2.00% to 3.00% and 1.35% to 4.30%, respectively. The refunding bonds would produce annual savings of about \$180,000, with total savings of \$4,499,329. These savings will increase the amount of residual property tax available to be redistributed to other taxing entities based on their proportionate share of the property tax levy. The City will receive a share of this savings as a residual distribution from the Redevelopment Property Tax Trust Fund, which is 16.40% of the total savings generated from the refunding bonds, which is currently estimated to be \$737,890 for the life of the bonds. All costs of the refinancing will be paid on a contingent basis from the bond proceeds.

The refunding of the current Agency bonds was discussed as an informational item during the meeting of the Successor Agency Oversight Board on May 5, 2016, which the Board was supportive of the Successor Agency pursuing the bond refunding. Given the Successor Agency's approval of proceeding with

bond refunding, the Oversight Board would also need to provide approval, with approval also necessary by the Department of Finance.

RECOMMENDATION: That the Successor Agency of the former Porterville Redevelopment Agency consider and approve the refunding of the 2008 Redevelopment Bond Issue, and authorize the Chair and Executive Director to sign all draft resolutions, agreements, and documents as may be required.

ATTACHMENTS:

1. Draft Resolution
2. Refunding Analysis
3. Indenture of Trust Agreement
4. Escrow Agreement

Appropriated/Funded: MB

Review By:

Department Director:  
Final Approver: John Lollis, City Manager

RESOLUTION NO. \_\_-2016

A RESOLUTION OF THE SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING OBLIGATIONS OF THE FORMER PORTERVILLE REDEVELOPMENT AGENCY, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND AN ESCROW AGREEMENT RELATING THERETO, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND PROVIDING FOR OTHERS MATTERS RELATING THERETO

RESOLVED, by the Successor Agency (the “Successor Agency”) of the Porterville Redevelopment Agency (the “Former Agency”) in the City of Porterville, California (the “City”):

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, and the Successor Agency has become the successor entity to the Former Agency;

WHEREAS, a redevelopment plan for the Former Agency’s Porterville Redevelopment Project No. 1 in the City has been adopted in compliance with all requirements of the Code (the “Redevelopment Project”);

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued the following obligations:

(a) \$4,565,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series A (Redevelopment Projects) (the “2008A Bonds”), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$3,925,000 principal amount remains outstanding,

(b) \$2,110,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series B (Redevelopment Projects) (the “2008B Bonds”), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$1,885,000 principal amount remains outstanding,

(c) \$1,160,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series C (Housing Projects) (the “2008C Bonds”), to refinance low and moderate income housing activities within the City, of which \$965,000 principal amount remains outstanding, and

(d) \$640,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series D (Housing Projects) (the “2008D Bonds” and, with the 2008A Bonds, the 2008B Bonds and the 2008C Bonds, the “Former Agency Obligations”), to refinance low and moderate income housing activities within the City, of which \$575,000 principal amount remains outstanding;

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

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

WHEREAS, the Debt Service Savings Analysis has demonstrated that a refunding of all Former Agency Obligations will satisfy the Savings Parameters;

WHEREAS, the Successor Agency desires at this time to authorize the issuance of its Successor Agency of the Porterville Redevelopment Agency (Tulare County, California) Tax Allocation Refunding Bonds, Series 2016A, to refund the 2008A Bonds and the 2008C Bonds (the “2016A Bonds”), pursuant to an indenture of trust (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”), and its Successor Agency of the Porterville Redevelopment Agency (Tulare County, California) Taxable Tax Allocation Refunding Bonds, Series 2016B, to refund the 2008B Bonds and the 2008D Bonds (the “2016B Bonds” and, with the 2016A Bonds, the “Bonds”), pursuant to the Indenture;

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

WHEREAS, the Successor Agency is now requesting that the Oversight Board approve the issuance of the 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 Bonds;

WHEREAS, the Successor Agency has determined to sell the Bonds to Gates Capital Corporation (the “Underwriter”) pursuant to the terms of a bond purchase agreement to be entered into by the Successor Agency and the Underwriter; and

WHEREAS, following approval by the Oversight Board of the issuance of the Bonds by the Successor Agency and upon submission of this Resolution and a resolution of approval of the Oversight Board (the “Oversight Board Resolution”) to the California Department of Finance, the Successor Agency will, with the assistance of its disclosure counsel, the Municipal Advisor and its fiscal consultant, cause to be prepared a form of official statement for the Bonds describing the Bonds and containing material information relating to the Successor Agency and the Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Underwriter to persons and institutions interested in purchasing the Bonds, and a bond purchase agreement between the Successor Agency and the Underwriter will be prepared, the preliminary form of which will be submitted to the Successor Agency for approval.

NOW, THEREFORE, BE IT RESOLVED, 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 Bonds to provide funds to refund and defease the Former Agency Obligations, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency Secretary, which Debt Service Savings Analysis is hereby approved.

*Section 2. Approval of Issuance of the Bonds.* The Successor Agency hereby authorizes and approves the issuance of the Bonds under the Law and the Refunding Law in the aggregate principal amount of not to exceed \$8,000,000, provided that the Bonds are in compliance with the Savings Parameters at the time of sale and delivery.

*Section 3. Approval of Indenture.* The Successor Agency hereby approves the Indenture prescribing the terms and provisions of the Bonds and the application of the proceeds of the Bonds in the form on file with the Successor Agency Secretary. The Chair of the Successor Agency and the Executive Director (each, an “Authorized Officer”), each acting alone, are hereby authorized and directed to execute and deliver, and the Successor Agency Secretary, is hereby authorized and directed to attest to, the Indenture for and in the name and on behalf of the Successor Agency in such form, together 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. Approval of Escrow Agreement.* The form of escrow agreement, by and between the Successor Agency and U.S. Bank National Association, as escrow bank, relating to the refunding and defeasance of the Former Agency Obligations (the “Escrow Agreement”), in the form on file with the Successor Agency Secretary, 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 in such form together 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 Escrow Agreement. The Successor Agency hereby authorizes the delivery and performance of the Escrow Agreement.

*Section 5. Municipal Bond Insurance and Surety Bond.* 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 Bonds and reserve account surety bond for the Bonds from a municipal bond insurance company if it is determined, upon consultation with the Municipal Advisor and the Underwriter, that such municipal bond insurance policy and/or surety bond will reduce the interest cost with respect to the Bonds.

*Section 6. Approval of Official Statement and Bond Purchase Agreement.*

(a) Following approval by the Oversight Board of the issuance of the Bonds by the Successor Agency and upon submission of this Resolution and the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its disclosure counsel, its fiscal consultant and the Municipal Advisor, cause to be prepared a form of official statement for the Bonds describing the Bonds and containing material information relating to the Successor Agency and the Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Underwriter to persons and institutions interested in purchasing the Bonds.

(b) Following approval by the Oversight Board of the issuance of the Bonds by the Successor Agency and upon submission of this Resolution and the Oversight Board Resolution to the California Department of Finance, the Underwriter will cause to be prepared a form of bond purchase agreement, the preliminary form of which will be submitted to the Successor Agency for approval.

*Section 7. 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 Bonds pursuant to section 34177.5(a)(1) this Resolution and the Indenture.

*Section 8. 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 Bonds:

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

(b) The application of the proceeds of the Bonds by the Successor Agency to the refunding and defeasance of the Former Agency Obligations, as well as the payment by the Successor Agency of costs of issuance of the Bonds, as provided in section 34177.5(a), including municipal bond insurance and reserve fund surety bond premiums, if required, shall be implemented by the Successor Agency promptly upon sale and delivery of the 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 Tulare 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 34181(a)(3) without any deductions with respect to continuing costs related to the 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 Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings for the Former Agency Obligations from such property tax revenues pursuant to section 34183 without reduction in its Administrative Cost Allowance.

*Section 9. Filing of Debt Service Savings Analysis and Resolution.* The Successor Agency Secretary 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 Tulare County Administrative Officer, the Tulare County Auditor-Controller and the California Department of Finance.

*Section 10. 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 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 11. Effective Date.* This Resolution shall take effect from and after the date of its passage and adoption.

*Section 12. Certification.* The Secretary shall certify to the passage and adoption hereof.

PASSED, APPROVED AND ADOPTED this 7<sup>th</sup> day of June, 2016.

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Milt Stowe, Chairman

ATTEST:  
John D. Lollis, Secretary

By: \_\_\_\_\_  
Patrice Hildreth, Chief Deputy Secretary

**PORTERVILLE SUCCESSOR AGENCY  
2016 Tax Allocation Refunding Bonds**

*Summary of Refunding Results*

*All figures are preliminary and subject to change*

Prepared by Wulff, Hansen & Co.

Prepared on 06/01/2016

	Tax Exempt	Taxable
<b>REFUNDING BONDS</b>		
Escrow Requirement @ Dated Date of 08/15/2016	4,977,064.28	2,502,133.75
Estimated Costs of Issuance <sup>(1)</sup>	244,866.27	144,791.25
Prior Reserve Fund	388,527.50	246,925.00
Net Premium / Discount	243,403.05	-
New Reserve Fund	Surety	Surety
Par Amount	4,590,000	2,400,000
Arbitrage Yield	2.868838%	3.959550%
True Interest Cost (TIC)	3.074079%	4.080346%
All-In TIC	3.446189%	4.528818%
Average Life (years)	13.743	13.751
Final Maturity (June 1)	2040	2040
<b>AVERAGE ANNUAL NET DEBT SERVICE <sup>(2)</sup></b>		
Existing Debt Service	381,595.10	241,635.42
New Debt Service	281,260.75	154,497.72
Average Savings	100,334.35	87,137.70
<b>TOTAL NET DEBT SERVICE <sup>(2)</sup></b>		
Existing Debt Service	9,158,282.50	5,799,250.00
New Debt Service	6,750,258.06	3,707,945.17
Total Cashflow Savings	2,408,024.44	2,091,304.83
Net Present Value Savings	1,347,404.61	1,104,345.24
Savings of Refunded Bonds %	27.386273%	44.892083%
Savings of Refunding Bonds %	29.355220%	46.014385%

(1) Includes bond counsel, disclosure counsel, fiscal consultant, verification, rating, municipal advisor, bond insurance, surety, underwriter's discount, and miscellaneous trustee,

(2) Includes prior reserve fund and interest earnings thereon.

**PORTERVILLE SUCCESSOR AGENCY**  
**2016 Tax Allocation Refunding Bonds**  
**Refunding of 2008 Series A & C, Tax Exempt**

Prepared by Wulff, Hansen & Co.

*All figures are preliminary and subject to change*

<b>SOURCES &amp; USES</b>
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Dated Date	8/15/2016
Delivery Date	8/15/2016

**Sources**

Par Amount	4,590,000.00
Premium	243,403.05
Prior Reserve Fund Series A	308,242.50
Prior Reserve Fund Series C	80,285.00
	<b>5,221,930.55</b>

**Uses**

Cash Deposit	4,977,064.28
Cost of Issuance	226,900.00
Bond Insurance & Surety	17,442.87
Additional Proceeds	523.40
	<b>5,221,930.55</b>

*Prepared on 06-01-2016*

**PORTERVILLE SUCCESSOR AGENCY**  
**2016 Tax Allocation Refunding Bonds**  
**Refunding of 2008 Series A & C, Tax Exempt**

Prepared by Wulff, Hansen & Co.  
*All figures are preliminary and subject to change*

<b>Prior Bond Debt Service</b>				
<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>
6/1/2017	105,000	4.700%	277,610.00	382,610.00
6/1/2018	115,000	4.850%	272,675.00	387,675.00
6/1/2019	120,000	5.000%	267,097.50	387,097.50
6/1/2020	120,000	5.150%	261,097.50	381,097.50
6/1/2021	125,000	5.250%	254,917.50	379,917.50
6/1/2022	140,000	5.350%	248,355.00	388,355.00
6/1/2023	145,000	5.400%	240,865.00	385,865.00
6/1/2024	150,000	5.500%	233,035.00	383,035.00
6/1/2027	175,000	5.700%	206,580.00	381,580.00
6/1/2030	205,000	5.700%	175,230.00	380,230.00
6/1/2031	220,000	5.700%	163,545.00	383,545.00
6/1/2032	230,000	5.700%	151,005.00	381,005.00
6/1/2033	245,000	5.700%	137,895.00	382,895.00
6/1/2034	255,000	5.700%	123,930.00	378,930.00
6/1/2035	270,000	5.850%	109,395.00	379,395.00
6/1/2036	285,000	5.850%	93,600.00	378,600.00
6/1/2037	300,000	5.850%	76,927.50	376,927.50
6/1/2038	320,000	5.850%	59,377.50	379,377.50
6/1/2039	340,000	5.850%	40,657.50	380,657.50
6/1/2040	355,000	5.850%	20,767.50	375,767.50
	<b>4,920,000</b>		<b>4,238,282.50</b>	<b>9,158,282.50</b>

Prepared on 06-01-2016

**PORTERVILLE SUCCESSOR AGENCY**  
**2016 Tax Allocation Refunding Bonds**  
**Refunding of 2008 Series A & C, Tax Exempt**

Prepared by Wulff, Hansen & Co.

*All figures are preliminary and subject to change*

<b>Bond Debt Service</b>					
<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>Interest</b>	<b>Debt Service</b>
6/1/2017	180,000	2.000%	0.750%	123,258.06	303,258.06
6/1/2018	135,000	2.000%	1.000%	151,550.00	286,550.00
6/1/2019	135,000	3.000%	1.200%	148,850.00	283,850.00
6/1/2020	135,000	3.000%	1.300%	144,800.00	279,800.00
6/1/2021	140,000	3.000%	1.500%	140,750.00	280,750.00
6/1/2022	150,000	3.000%	1.600%	136,550.00	286,550.00
6/1/2023	155,000	3.000%	1.800%	132,050.00	287,050.00
6/1/2024	155,000	4.000%	1.900%	127,400.00	282,400.00
6/1/2027	170,000	4.000%	2.300%	108,200.00	278,200.00
6/1/2030	190,000	4.000%	2.800%	87,000.00	277,000.00
6/1/2031	205,000	4.000%	2.850%	79,400.00	284,400.00
6/1/2032	210,000	4.000%	2.900%	71,200.00	281,200.00
6/1/2033	220,000	4.000%	2.950%	62,800.00	282,800.00
6/1/2034	225,000	4.000%	3.000%	54,000.00	279,000.00
6/1/2035	235,000	3.000%	3.100%	45,000.00	280,000.00
6/1/2036	240,000	3.000%	3.150%	37,950.00	277,950.00
6/1/2037	245,000	3.000%	3.250%	30,750.00	275,750.00
6/1/2038	255,000	3.000%	3.250%	23,400.00	278,400.00
6/1/2039	265,000	3.000%	3.250%	15,750.00	280,750.00
6/1/2040	260,000	3.000%	3.250%	7,800.00	267,800.00
	<b>4,590,000</b>			<b>2,160,258.06</b>	<b>6,750,258.06</b>

Prepared on 06-01-2016

**PORTERVILLE SUCCESSOR AGENCY**  
**2016 Tax Allocation Refunding Bonds**  
**Refunding of 2008 Series A & C, Tax Exempt**

Prepared by Wulff, Hansen & Co.

*All figures are preliminary and subject to change*

<b>Savings</b>
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Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/15/2016 @ 2.8688375%
6/1/2017	382,610	303,258.06	79,351.94	78,882.29
6/1/2018	387,675	286,550.00	101,125.00	96,911.41
6/1/2019	387,098	283,850.00	103,247.50	96,130.92
6/1/2020	381,098	279,800.00	101,297.50	91,668.52
6/1/2021	379,918	280,750.00	99,167.50	87,222.79
6/1/2022	388,355	286,550.00	101,805.00	86,995.18
6/1/2023	385,865	287,050.00	98,815.00	82,070.57
6/1/2024	383,035	282,400.00	100,635.00	81,205.18
6/1/2027	381,580	278,200.00	103,380.00	76,534.26
6/1/2030	380,230	277,000.00	103,230.00	70,115.37
6/1/2031	383,545	284,400.00	99,145.00	65,446.87
6/1/2032	381,005	281,200.00	99,805.00	64,009.97
6/1/2033	382,895	282,800.00	100,095.00	62,371.20
6/1/2034	378,930	279,000.00	99,930.00	60,497.94
6/1/2035	379,395	280,000.00	99,395.00	58,462.53
6/1/2036	378,600	277,950.00	100,650.00	57,499.18
6/1/2037	376,928	275,750.00	101,177.50	56,138.60
6/1/2038	379,378	278,400.00	100,977.50	54,415.25
6/1/2039	380,658	280,750.00	99,907.50	52,286.66
6/1/2040	375,768	267,800.00	107,967.50	54,867.26
	<b>9,158,283</b>		<b>2,408,024.44</b>	<b>1,735,408.71</b>

PV of savings from cash flow	1,735,408.71
Less: Prior funds on hand	(388,527.50)
Plus: Refunding funds on hand	523.40
<b>Net PV Savings</b>	<b>1,347,404.61</b>

**PORTERVILLE SUCCESSOR AGENCY**

2016 Tax Allocation Refunding Bonds  
Refunding of 2008 Series A & C, Tax Exempt

Prepared by Wulff, Hansen & Co.  
All figures are preliminary and subject to change

Date	Savings for Each Entity										Total Savings Cash Flow
	City of Porterville 16.40%	City Cemetery 0.70%	City Memorial Hospital 1.00%	Sierra View Hospital 1.90%	Kern Community College 6.10%	Tulare County 36.50%	Tulare Airpol/Flood C 0.60%	Schools (Porterville Elem. & HS, Hope Elem., Burton Elem. Etc.) 36.80%			
6/1/2017	13,013.72	555.46	793.52	1,507.69	4,840.47	28,963.46	476.11	29,201.51	79,351.94		
6/1/2018	16,584.50	707.88	1,011.25	1,921.38	6,168.63	36,910.63	606.75	37,214.00	101,125.00		
6/1/2019	16,932.59	722.73	1,032.48	1,961.70	6,298.10	37,685.34	619.49	37,995.08	103,247.50		
6/1/2020	16,612.79	709.08	1,012.98	1,924.65	6,179.15	36,973.59	607.79	37,277.48	101,297.50		
6/1/2021	16,263.47	694.17	991.68	1,884.18	6,049.22	36,196.14	595.01	36,493.64	99,167.50		
6/1/2022	16,696.02	712.64	1,018.05	1,934.30	6,210.11	37,158.83	610.83	37,464.24	101,805.00		
6/1/2023	16,205.66	691.71	988.15	1,877.49	6,027.72	36,067.48	592.89	36,363.92	98,815.00		
6/1/2024	16,504.14	704.45	1,006.35	1,912.07	6,138.74	36,731.78	603.81	37,033.68	100,635.00		
6/1/2027	16,954.32	723.66	1,033.80	1,964.22	6,306.18	37,733.70	620.28	38,043.84	103,380.00		
6/1/2030	16,929.72	722.61	1,032.30	1,961.37	6,297.03	37,678.95	619.38	37,988.64	103,230.00		
6/1/2031	16,259.78	694.02	991.45	1,883.76	6,047.85	36,187.93	594.87	36,485.36	99,145.00		
6/1/2032	16,368.02	698.64	998.05	1,896.30	6,088.11	36,428.83	598.83	36,728.24	99,805.00		
6/1/2033	16,415.58	700.67	1,000.95	1,901.81	6,105.80	36,534.68	600.57	36,834.96	100,095.00		
6/1/2034	16,388.52	699.51	999.30	1,898.67	6,095.73	36,474.45	599.58	36,774.24	99,930.00		
6/1/2035	16,300.78	695.77	993.95	1,888.51	6,063.10	36,279.18	596.37	36,577.36	99,395.00		
6/1/2036	16,506.60	704.55	1,006.50	1,912.35	6,139.65	36,737.25	603.90	37,039.20	100,650.00		
6/1/2037	16,593.11	708.24	1,011.78	1,922.37	6,171.83	36,929.79	607.07	37,233.32	101,177.50		
6/1/2038	16,560.31	706.84	1,009.78	1,918.57	6,159.63	36,856.79	605.87	37,159.72	100,977.50		
6/1/2039	16,384.83	699.35	999.08	1,898.24	6,094.36	36,466.24	599.45	36,765.96	99,907.50		
6/1/2040	17,706.67	755.77	1,079.68	2,051.38	6,586.02	39,408.14	647.81	39,732.04	107,967.50		
	<b>394,916.01</b>	<b>16,856.17</b>	<b>24,080.24</b>	<b>45,752.46</b>	<b>146,889.49</b>	<b>878,928.92</b>	<b>14,448.15</b>	<b>886,152.99</b>	<b>2,408,024.44</b>		

**PORTERVILLE SUCCESSOR AGENCY**  
**2016 Tax Allocation Refunding Bonds**  
**Refunding of 2008 Series B & D, Taxable**

Prepared by Wulff, Hansen & Co.

*All figures are preliminary and subject to change*

<b>SOURCES &amp; USES</b>
---------------------------

Dated Date	8/15/2016
Delivery Date	8/15/2016

**Sources**

Par Amount	2,400,000.00
Prior Reserve Fund Series B	187,600.00
Prior Reserve Fund Series D	59,325.00
	<b>2,646,925.00</b>

**Uses**

Cash Deposit	2,502,133.75
Cost of Issuance	131,300.00
Bond Insurance & Surety	9,664.53
Additional Proceeds	3,826.72
	<b>2,646,925.00</b>

*Prepared on 06/01/2016*

**PORTERVILLE SUCCESSOR AGENCY**  
**2016 Tax Allocation Refunding Bonds**  
**Refunding of 2008 Series B & D, Taxable**

Prepared by Wulff, Hansen & Co.

*All figures are preliminary and subject to change*

<b>Prior Bond Debt Service</b>				
<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>
6/1/2017	40,000	7.125%	204,975.00	244,975.00
6/1/2018	40,000	7.125%	202,125.00	242,125.00
6/1/2019	40,000	8.000%	199,275.00	239,275.00
6/1/2020	45,000	8.000%	196,075.00	241,075.00
6/1/2021	50,000	8.000%	192,475.00	242,475.00
6/1/2022	50,000	8.000%	188,475.00	238,475.00
6/1/2023	60,000	8.000%	184,475.00	244,475.00
6/1/2024	60,000	8.000%	179,675.00	239,675.00
6/1/2027	80,000	8.000%	164,075.00	244,075.00
6/1/2030	100,000	8.500%	143,225.00	243,225.00
6/1/2031	105,000	8.500%	134,725.00	239,725.00
6/1/2032	115,000	8.500%	125,800.00	240,800.00
6/1/2033	125,000	8.500%	116,025.00	241,025.00
6/1/2034	135,000	8.500%	105,400.00	240,400.00
6/1/2035	150,000	8.500%	93,925.00	243,925.00
6/1/2036	165,000	8.500%	81,175.00	246,175.00
6/1/2037	175,000	8.500%	67,150.00	242,150.00
6/1/2038	190,000	8.500%	52,275.00	242,275.00
6/1/2039	205,000	8.500%	36,125.00	241,125.00
6/1/2040	220,000	8.500%	18,700.00	238,700.00
	<b>2,460,000</b>		<b>3,339,250.00</b>	<b>5,799,250.00</b>

Prepared on 06/01/2016

**PORTERVILLE SUCCESSOR AGENCY****2016 Tax Allocation Refunding Bonds  
Refunding of 2008 Series B & D, Taxable**

Prepared by Wulff, Hansen &amp; Co.

*All figures are preliminary and subject to change***Bond Debt Service**

<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>Interest</b>	<b>Debt Service</b>
6/1/2017	105,000	1.350%	1.350%	67,972.67	172,972.67
6/1/2018	70,000	1.750%	1.750%	84,142.50	154,142.50
6/1/2019	70,000	2.050%	2.050%	82,917.50	152,917.50
6/1/2020	70,000	2.300%	2.300%	81,482.50	151,482.50
6/1/2021	75,000	2.600%	2.600%	79,872.50	154,872.50
6/1/2022	75,000	2.800%	2.800%	77,922.50	152,922.50
6/1/2023	80,000	3.000%	3.000%	75,822.50	155,822.50
6/1/2024	80,000	3.100%	3.100%	73,422.50	153,422.50
6/1/2027	90,000	3.550%	3.550%	65,452.50	155,452.50
6/1/2030	100,000	3.900%	3.900%	55,180.00	155,180.00
6/1/2031	100,000	3.950%	3.950%	51,280.00	151,280.00
6/1/2032	105,000	4.000%	4.000%	47,330.00	152,330.00
6/1/2033	110,000	4.050%	4.050%	43,130.00	153,130.00
6/1/2034	115,000	4.100%	4.100%	38,675.00	153,675.00
6/1/2035	120,000	4.150%	4.150%	33,960.00	153,960.00
6/1/2036	130,000	4.200%	4.200%	28,980.00	158,980.00
6/1/2037	130,000	4.200%	4.200%	23,520.00	153,520.00
6/1/2038	135,000	4.300%	4.300%	18,060.00	153,060.00
6/1/2039	140,000	4.300%	4.300%	12,255.00	152,255.00
6/1/2040	145,000	4.300%	4.300%	6,235.00	151,235.00
	<b>2,400,000</b>			<b>1,307,945.17</b>	<b>3,707,945.17</b>

Prepared on 06/01/2016

**PORTERVILLE SUCCESSOR AGENCY****2016 Tax Allocation Refunding Bonds  
Refunding of 2008 Series B & D, Taxable**

Prepared by Wulff, Hansen &amp; Co.

*All figures are preliminary and subject to change***Savings**

<b>Date</b>	<b>Prior Debt Service</b>	<b>Refunding Debt Service</b>	<b>Savings</b>	<b>Present Value to 08/15/2016 @ 3.9595502%</b>
6/1/2017	244,975	172,972.67	72,002.33	71,277.43
6/1/2018	242,125	154,142.50	87,982.50	83,093.55
6/1/2019	239,275	152,917.50	86,357.50	78,427.83
6/1/2020	241,075	151,482.50	89,592.50	78,185.03
6/1/2021	242,475	154,872.50	87,602.50	73,513.52
6/1/2022	238,475	152,922.50	85,552.50	69,037.39
6/1/2023	244,475	155,822.50	88,652.50	68,743.51
6/1/2024	239,675	153,422.50	86,252.50	64,314.81
6/1/2027	244,075	155,452.50	88,622.50	58,680.40
6/1/2030	243,225	155,180.00	88,045.00	51,771.34
6/1/2031	239,725	151,280.00	88,445.00	49,979.19
6/1/2032	240,800	152,330.00	88,470.00	48,044.44
6/1/2033	241,025	153,130.00	87,895.00	45,870.93
6/1/2034	240,400	153,675.00	86,725.00	43,494.45
6/1/2035	243,925	153,960.00	89,965.00	43,340.70
6/1/2036	246,175	158,980.00	87,195.00	40,364.13
6/1/2037	242,150	153,520.00	88,630.00	39,409.60
6/1/2038	242,275	153,060.00	89,215.00	38,103.56
6/1/2039	241,125	152,255.00	88,870.00	36,455.43
6/1/2040	238,700	151,235.00	87,465.00	34,456.60
	<b>5,799,250</b>		<b>2,091,304.83</b>	<b>1,347,443.52</b>

PV of savings from cash flow	1,347,443.52
Less: Prior funds on hand	(246,925.00)
Plus: Refunding funds on hand	3,826.72
<b>Net PV Savings</b>	<b>1,104,345.24</b>

**PORTERVILLE SUCCESSOR AGENCY**

2016 Tax Allocation Refunding Bonds  
Refunding of 2008 Series B & D, Taxable

Prepared by Wulff, Hansen & Co.  
All figures are preliminary and subject to change

Date	Savings for Each Entity										Total Savings Cash Flow
	City of Porterville 16.40%	City Cemetery 0.70%	City Memorial Hospital 1.00%	Sierra View Hospital 1.90%	Kern Community College 6.10%	Tulare County 36.50%	Tulare Airpol/Flood C 0.60%	Schools (Porterville Elem. & HS, Hope Elem., Burton Elem. Etc.) 36.80%			
6/1/2017	11,808.38	504.02	720.02	1,368.04	4,392.14	26,280.85	432.01	26,496.86			72,002.33
6/1/2018	14,429.13	615.88	879.83	1,671.67	5,366.93	32,113.61	527.90	32,377.56			87,982.50
6/1/2019	14,162.63	604.50	863.58	1,640.79	5,267.81	31,520.49	518.15	31,779.56			86,357.50
6/1/2020	14,693.17	627.15	895.93	1,702.26	5,465.14	32,701.26	537.56	32,970.04			89,592.50
6/1/2021	14,366.81	613.22	876.03	1,664.45	5,343.75	31,974.91	525.62	32,237.72			87,602.50
6/1/2022	14,030.61	598.87	855.53	1,625.50	5,218.70	31,226.66	513.32	31,483.32			85,552.50
6/1/2023	14,539.01	620.57	886.53	1,684.40	5,407.80	32,358.16	531.92	32,624.12			88,652.50
6/1/2024	14,145.41	603.77	862.53	1,638.80	5,261.40	31,482.16	517.52	31,740.92			86,252.50
6/1/2027	14,534.09	620.36	886.23	1,683.83	5,405.97	32,347.21	531.74	32,613.08			88,622.50
6/1/2030	14,439.38	616.32	880.45	1,672.86	5,370.75	32,136.43	528.27	32,400.56			88,045.00
6/1/2031	14,504.98	619.12	884.45	1,680.46	5,395.15	32,282.43	530.67	32,547.76			88,445.00
6/1/2032	14,509.08	619.29	884.70	1,680.93	5,396.67	32,291.55	530.82	32,556.96			88,470.00
6/1/2033	14,414.78	615.27	878.95	1,670.01	5,361.60	32,081.68	527.37	32,345.36			87,895.00
6/1/2034	14,222.90	607.08	867.25	1,647.78	5,290.23	31,654.63	520.35	31,914.80			86,725.00
6/1/2035	14,754.26	629.76	899.65	1,709.34	5,487.87	32,837.23	539.79	33,107.12			89,965.00
6/1/2036	14,299.98	610.37	871.95	1,656.71	5,318.90	31,826.18	523.17	32,087.76			87,195.00
6/1/2037	14,535.32	620.41	886.30	1,683.97	5,406.43	32,349.95	531.78	32,615.84			88,630.00
6/1/2038	14,631.26	624.51	892.15	1,695.09	5,442.12	32,563.48	535.29	32,831.12			89,215.00
6/1/2039	14,574.68	622.09	888.70	1,688.53	5,421.07	32,437.55	533.22	32,704.16			88,870.00
6/1/2040	14,344.26	612.26	874.65	1,661.84	5,335.37	31,924.73	524.79	32,187.12			87,465.00
	<b>342,973.99</b>	<b>14,639.13</b>	<b>20,913.05</b>	<b>39,734.79</b>	<b>127,569.59</b>	<b>763,326.26</b>	<b>12,547.83</b>	<b>769,600.18</b>			<b>2,091,304.83</b>

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**INDENTURE OF TRUST**

**Dated as of September 1, 2016**

**by and between the**

**SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY**

**and**

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

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Relating to

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Successor Agency of the Porterville Redevelopment Agency  
(Tulare County, California)  
Tax Allocation Refunding Bonds, Series 2016A

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Successor Agency of the Porterville Redevelopment Agency  
(Tulare County, California)  
Taxable Tax Allocation Refunding Bonds, Series 2016B

TABLE OF CONTENTS

Page

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01. Findings and Determinations .....	4
Section 1.02. Definitions .....	4
Section 1.03. Rules of Construction .....	13

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.01. Authorization of Bonds .....	14
Section 2.02. Terms of Bonds .....	14
Section 2.03. Redemption of Bonds .....	16
Section 2.04. Forms of Bonds .....	18
Section 2.05. Execution of Bonds .....	18
Section 2.06. Transfer of Bonds .....	19
Section 2.07. Exchange of Bonds .....	19
Section 2.08. Registration of Bonds .....	19
Section 2.09. Temporary Bonds .....	20
Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen .....	20
Section 2.11. CUSIP Numbers .....	20
Section 2.12. Book-Entry Only System .....	20
Section 2.13. Successor Securities Depository; Transfer Outside Book-Entry Only System .....	21

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY DEBT

Section 3.01. Issuance of Bonds .....	23
Section 3.02. Application of Proceeds of Sale .....	23
Section 3.03. Costs of Issuance Fund .....	23
Section 3.04. Issuance of Parity Debt .....	24
Section 3.05. Validity of Bonds .....	24

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.01. Security of Bonds; Equal Security .....	25
Section 4.02. Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues .....	25
Section 4.03. Deposit of Amounts by Trustee .....	25

ARTICLE V

COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01. Covenants of the Successor Agency .....	29
---	----

ARTICLE VI

THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee .....	33
Section 6.02. Merger or Consolidation .....	34
Section 6.03. Liability of Trustee .....	34
Section 6.04. Right to Rely on Documents and Opinions .....	36
Section 6.05. Preservation and Inspection of Documents .....	37
Section 6.06. Compensation and Indemnification .....	37
Section 6.07. Deposit and Investment of Moneys in Funds .....	37
Section 6.08. Accounting Records and Financial Statements .....	39

Section 6.09. Appointment of Co-Trustee or Agent.....	39
Section 6.10. Other Transactions with Successor Agency .....	40

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. Amendment .....	41
Section 7.02. Effect of Supplemental Indenture.....	41
Section 7.03. Endorsement or Replacement of Bonds After Amendment .....	41
Section 7.04. Amendment by Mutual Consent .....	42

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Events of Default .....	43
Section 8.02. Remedies of Bondowners.....	43
Section 8.03. Application of Funds .....	44
Section 8.04. Limitation on Owner’s Right to Sue .....	44
Section 8.05. Non-Waiver.....	44
Section 8.06. Actions by Trustee as Attorney-in-Fact .....	45
Section 8.07. Remedies Not Exclusive.....	45
Section 8.08. Parties Interested Herein.....	45

ARTICLE IX

PROVISIONS RELATING TO the Municipal Bond Insurer AND THE MUNICIPAL BOND INSURANCE POLICIES

Section 9.01. Provisions Relating to BAM and the Municipal Bond Insurance .....	46
---	----

ARTICLE X

MISCELLANEOUS

Section 10.01. Benefits Limited to Parties .....	47
Section 10.02. Successor is Deemed Included in All References to Predecessor .....	47
Section 10.03. Discharge of Indenture.....	47
Section 10.04. Execution of Documents and Proof of Ownership by Owners .....	48
Section 10.05. Disqualified Bonds.....	48
Section 10.06. Waiver of Personal Liability .....	48
Section 10.07. Destruction of Canceled Bonds .....	48
Section 10.08. Notices .....	48
Section 10.09. Partial Invalidity.....	49
Section 10.10. Unclaimed Moneys .....	49
Section 10.11. Execution in Counterparts .....	50
Section 10.12. Governing Law .....	50

EXHIBIT A:	FORM OF 2016A BONDS
EXHIBIT B:	FORM OF 2016B BONDS
EXHIBIT C:	RECOGNIZED OBLIGATION DEBT SERVICE PAYMENT SCHEDULE

## INDENTURE OF TRUST

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

### RECITALS:

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

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

WHEREAS, the Former Agency issued the following obligations:

(a) \$4,565,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series A (Redevelopment Projects) (the "2008A Bonds"), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$3,925,000 principal amount remains outstanding,

(b) \$2,110,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series B (Redevelopment Projects) (the "2008B Bonds"), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$1,885,000 principal amount remains outstanding,

(c) \$1,160,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series C (Housing Projects) (the "2008C Bonds"), to refinance low and moderate income housing activities within the City, of which \$965,000 principal amount remains outstanding, and

(d) \$640,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series D (Housing Projects) (the "2008D Bonds" and, with the 2008A Bonds, the 2008B Bonds and the 2008C Bonds, the "2008 Bonds"), to refinance low and moderate income housing activities within the City, of which \$575,000 principal amount remains outstanding;

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

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

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

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

WHEREAS, AB 1484 added various provisions to the Law, including section 34177.5(a)(1) thereof which specifically authorizes the issuance of refunding bonds by the Successor Agency in certain circumstances to refund bonds and indebtedness of the Former Agency;

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

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

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

WHEREAS, the Successor Agency has determined that, due to prevailing financial market conditions, it is in the best interests of the Successor Agency at this time to refinance redevelopment activities within and for the benefit of the Redevelopment Project and, in particular, to refund the 2008 Bonds;

WHEREAS, to provide moneys to refund the 2008A Bonds and the 2008C Bonds, the Successor Agency has determined to issue its Successor Agency of the Porterville Redevelopment Agency (Tulare County, California), Tax Allocation Refunding Bonds, Series 2016A, in the aggregate principal amount of \$\_\_\_\_\_ (the "2016A Bonds"), and to provide moneys to refund the 2008B Bonds and the 2008D Bonds, the Successor Agency has determined to issue its Successor Agency of the Porterville Redevelopment Agency (Tulare County, California), Taxable Tax Allocation Refunding Bonds, Series 2016B, in the aggregate principal amount of \$\_\_\_\_\_ (the "2016B Bonds" and, with the 2016A Bonds, the "Bonds"), under the provisions of section 34177.5(g) of the Law and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code;

WHEREAS, the Successor Agency has determined that the total net interest cost to maturity of the Bonds plus the principal amount of the Bonds will not exceed the total net interest cost to maturity of the 2008 Bonds to be refunded plus the principal amount of the 2008 Bonds to be refunded;

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

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

A G R E E M E N T :

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

## ARTICLE I

### DETERMINATIONS; DEFINITIONS

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

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

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

*“Bond Proceeds Account”* means the temporary account on the Trustee’s records to facilitate the deposits and transfers of the proceeds of the Bonds.

*“Bond Year”* means any twelve-month period beginning on June 2 in any year and ending on the next succeeding June 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date, and end on June 1, 2017.

*“Bonds”* means, collectively, the 2016A Bonds and the 2016B Bonds.

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

*“City”* means City of Porterville, California.

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

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

*“Continuing Disclosure Certificate”* means the Continuing Disclosure Certificate executed by the Successor Agency dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

*“Costs of Issuance”* means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds and the refunding of the 2008 Bonds, including but not limited to printing

expenses, operating expenses, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, Escrow Bank fees and those of its counsel, fees, charges and disbursements of attorneys, financial advisors, fiscal consultants, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, premiums for the Municipal Bond Insurance Policies and the Reserve Policy and any other cost, charge or fee in connection with the issuance of the Bonds and the refunding of the 2008 Bonds.

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

*"County"* means Tulare County, California.

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

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

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

*"Escrow Agreement"* means that certain Escrow Agreement, dated the Closing Date, by and between the Successor Agency and the Escrow Bank, to provide for the defeasance and redemption of the 2008 Bonds.

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

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

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

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

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

*"Former Agency"* means the former Porterville Redevelopment Agency.

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

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

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

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

*“Information Services”* means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the Successor Agency may designate in a Written Certificate of the Successor Agency delivered to the Trustee.

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

*“Interest Payment Date”* means June 1 and December 1 in each year, commencing December 1, 2016, so long as any of the Bonds remain Outstanding hereunder.

*“Late Payment Rate”* means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking

association or trust company bank as the Municipal Bond Insurer in its sole and absolute discretion shall specify.

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

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

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

*"Municipal Bond Insurance Policies"* means, collectively, the 2016A Municipal Bond Insurance Policy and the 2016B Municipal Bond Insurance Policy.

*"Municipal Bond Insurer"* means \_\_\_\_\_, or any successor thereto.

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

*"Outstanding"* when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 10.05) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 10.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

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

*"Owner"* or *"Bondowner"* or *"Bond Owner,"* when used with respect to the Bonds, means the person in whose name the ownership of the Bonds shall be registered on the Bond Registration Books.

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

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

*"Pass-Through Agreements"* means, collectively, (a) that certain agreement, dated as of April 11, 1990, by and between the Agency and the Porterville Elementary School District, (b) that certain agreement, dated as of April 12, 1990, by and between the Agency and the Porterville Union High School District, (c) that certain agreement, dated as of May 8, 1990, by and between the Agency and the County, (d) that certain agreement, dated as of May 8, 1990, by and between the Agency and the Tulare County Air Pollution Control District, (e) that certain agreement, dated as of May 8, 1990, by and between the Agency and the Tulare County Flood Control District, (f) that certain agreement, dated as of May 8, 1990, by and between the Agency and the Tulare County Free Public Library, (g) that certain agreement, dated as of May 14, 1990, by and between the Agency and the Porterville Memorial District, (h) that certain agreement, dated as of May 16, 1990, by and between the Agency and the Tulare County Board of Education, (i) that certain agreement, dated as of July 2, 1990, by and between the Agency and

the Porterville Public Cemetery District; including any amendments to any of the foregoing agreements; and (j) payments to affected taxing agencies pursuant to Section 33607.5 or Section 33607.7 of the Law (including, but not limited to, mandatory pass-through payments to Kern Community College District and Sierra View Hospital District as a result of the adoption on July 7, 2004 of Ordinance No. 1655 of the City which eliminated the time limit for incurring debt theretofore contained in the Redevelopment Plan), together with any amendments thereof hereafter duly authorized pursuant to the Law.

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

(a) Federal Securities.

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

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

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

1. Federal Home Loan Bank System  
Senior debt obligations

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

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, which invest solely in Federal Securities, if rated by S&P, having a rating of AAAM-G; and if rated by Moody's having a rating of Aaa, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(e) Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks or savings and loan associations (including the Trustee or its affiliates). The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC including those of the Trustee or its affiliates or secured at all times by collateral described in (a) and/or (b) above.

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

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

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

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

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

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

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

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

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

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

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

*“Redevelopment Plan”* means the Redevelopment Plan for Porterville Redevelopment Project Area No. 1 of the Agency, approved by Ordinance No. 1436 adopted by the City Council of the City on July 3, 1990, together with any amendments thereof heretofore or hereafter duly authorized pursuant to the Law, including, but not limited to, Ordinance No. 1655 adopted by the City Council of the City on July 7, 2004 (to remove the time limit on the establishment of loans, advances and indebtedness theretofore contained in the Redevelopment Plan).

*“Redevelopment Project”* means the Porterville Redevelopment Project Area No. 1, the area of the undertaking pursuant to the Redevelopment Plan, together with any amendments of such redevelopment plan at any time duly authorized pursuant to the Law.

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

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

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

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

*“Reserve Agreement”* means the Debt Service Reserve Agreement, dated the Closing Date, by and between the Successor Agency and the Municipal Bond Insurer.

*“Reserve Policy”* means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Municipal Bond Insurer in lieu of a cash funded reserve fund for the Bonds in an amount equal to the Reserve Requirement.

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

*“Responsible Officer”* means any Vice President, Assistant Vice President or Trust Officer of the Trustee with responsibility for matters related to this Indenture.

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

*“Securities Depositories”* means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Certificate of the Successor Agency delivered to the Trustee.

*“Semi Annual Period”* means (a) each six month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and (b) each six month period beginning on July 1 of any calendar year and ending on December 31 of such calendar year.

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

*“State”* means the State of California.

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

*“Successor Agency”* means the Successor Agency of the Porterville Redevelopment Agency, as successor to the Former Agency, a public body corporate and politic duly organized and existing under the Law.

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

*“Tax Revenues”* means the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act, after payment of (a) County administrative fees pursuant to section 34183(a) of the Dissolution Act, (b) the Statutory Pass-Through Amounts, to the extent not subordinated to the use of Tax Revenues for the payment of amounts due under this Indenture, and (c) all

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

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

*"2008 Bonds"* means, collectively, the 2008A Bonds, the 2008B Bonds, the 2008C Bonds and the 2008D Bonds.

*"2008A Bonds"* means the \$4,565,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series A (Redevelopment Projects), issued to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$3,925,000 principal amount remains outstanding.

*"2008B Bonds"* means the \$2,110,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series B (Redevelopment Projects), issued to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$1,885,000 principal amount remains outstanding.

*"2008C Bonds"* means the \$1,160,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series C (Housing Projects), issued to refinance low and moderate income housing activities within the City, of which \$965,000 principal amount remains outstanding.

*"2008A Bonds"* means the \$640,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series D (Housing Projects), issued to refinance low and moderate income housing activities within the City, of which \$575,000 principal amount remains outstanding.

*"2016A Bonds"* means the \$\_\_\_\_\_ Successor Agency of the Porterville Redevelopment Agency (Tulare County, California) Tax Allocation Refunding Bonds, Series 2016A, and, when the context requires, any Parity Debt.

*"2016B Bonds"* means the \$\_\_\_\_\_ Successor Agency of the Porterville Redevelopment Agency (Tulare County, California) Taxable Tax Allocation Refunding Bonds, Series 2016B, and, when the context requires, any Parity Debt.

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

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

*"Written Request of the Successor Agency"* or *"Written Certificate of the Successor Agency"* means a request or certificate, in writing signed by the Chairman, the Executive Director or the

Treasurer of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

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

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.01. Authorization of Bonds.

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

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

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

Section 2.02. Terms of Bonds.

(a) The 2016A Bonds shall be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The 2016A Bonds shall mature on June 1 in the years and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum as follows:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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(b) The 2016B Bonds shall be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The 2016B Bonds shall mature on June 1 in the years and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum as follows:

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

(d) The Bonds shall be dated as of their date of delivery and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) the Bonds are authenticated on or before November 15, 2016, in which event they shall bear interest from their date of delivery; *provided, however*, that if, as of the date of authentication of the Bonds, interest thereon is in default, the Bonds shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.03. Redemption of Bonds.

(a) *Optional Redemption.*

(i) **2016A Bonds.** The 2016A Bonds maturing on or before June 1, \_\_\_\_, are not subject to optional redemption prior to maturity. The 2016A Bonds maturing on or after June 1, \_\_\_\_, are subject to redemption, at the option of the Successor Agency on any date on or after June 1, \_\_\_\_, as a whole or in part, by such maturities as shall be determined by the Successor Agency (and, in lieu of such determination, *pro rata* among maturities), and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

(ii) **2016B Bonds.** The 2016B Bonds maturing on or before June 1, \_\_\_\_, are not subject to optional redemption prior to maturity. The 2016B Bonds maturing on or after June 1, \_\_\_\_, are subject to redemption, at the option of the Successor Agency on any date on or after June 1, \_\_\_\_, as a whole or in part, by such maturities as shall be determined by the Successor Agency (and, in lieu of such determination, *pro rata* among maturities), and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

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

(b) *Sinking Account Redemption.*

(i) **2016A Bonds.** The 2016A Bonds maturing on June 1, \_\_\_\_ (“2016A Term Bonds”), are subject to mandatory redemption from Sinking Account payments set forth in the following schedule on June 1, \_\_\_\_, and on each June 1 thereafter, to and including June 1, \_\_\_\_, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2016A Term Bonds have been redeemed pursuant to subsection (a)(i) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2016A Term Bonds so redeemed by reducing each such future Sinking Account payment on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee. If any Sinking Account redemption date is not a Business Day, such payment shall be made on the next succeeding Business Day.

Redemption Date (June 1)	Principal Amount
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† Maturity.

(ii) **2016B Bonds.** The 2016B Bonds maturing on June 1, \_\_\_\_, (“2016B Term Bonds”), are subject to mandatory redemption from Sinking Account payments set forth in the following schedule on June 1, \_\_\_\_, and on each June 1 thereafter, to and including June 1, \_\_\_\_, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2016B Term Bonds have been redeemed pursuant to subsection (a)(ii) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2016B Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee. If any Sinking Account redemption date is not a Business Day, such payment shall be made on the next succeeding Business Day.

Redemption Date (June 1)	Principal Amount
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† Maturity.

(c) *Notice of Redemption.* The Trustee on behalf of and at the expense of the Successor Agency will mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Successor Agency filed with the Trustee at the time the Successor Agency notifies the Trustee of its intention to redeem Bonds; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered (except for mandatory Sinking Account redemptions) at the Principal Corporate Trust Office of the Trustee for redemption at

the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

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

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

(e) *Manner of Redemption.* Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be canceled and destroyed as provided in Section 10.07 hereof.

(f) *Selection of Bonds for Redemption.* Whenever provision (other than pursuant to Section 2.03(b)) is made in this Indenture for the redemption of Bonds and less than all Bonds then currently outstanding are called for redemption, the Trustee will select Bonds for redemption from Bonds then currently Outstanding and not previously called for redemption, at the written direction of the Successor Agency in such order of maturity as shall be designated by the Successor Agency, and in the absence of such direction, *pro rata* among maturities and by lot within a maturity. The Trustee will promptly notify the Successor Agency in writing of the Bonds so selected for redemption.

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

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Successor Agency by the signature of its Chairman and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to

the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Successor Agency although on the date of such Bond any such person shall not have been such officer of the Successor Agency.

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

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

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

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

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

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

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

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

Section 2.11. CUSIP Numbers. The Trustee and the Successor Agency shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond, check, advise of payment or redemption notice and any such document may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Successor Agency nor the Trustee shall be liable for any inaccuracy in such numbers.

Section 2.12. Book-Entry Only System. It is intended that the Bonds, be registered so as to participate in a securities depository system with DTC (the "DTC System"), as set forth herein. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds in the name of Southwest Securities, Inc. and shall thereafter be assigned to and registered in the name of Cede & Co., as nominee of DTC. The Successor Agency and the Trustee are authorized to execute and deliver such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including a representation letter in the form required by DTC (the "Representation Letter"). In the event of any conflict between the terms of any such letter or agreement, including the Representation Letter, and the terms of this Indenture, the terms of this Indenture shall control. DTC may

exercise the rights of a Bondholder only in accordance with the terms hereof applicable to the exercise of such rights.

With respect to the Bonds registered in the books of the Trustee in the name of Cede & Co., as nominee of DTC, the Successor Agency and the Trustee, shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "DTC Participant") or to any person on behalf of whom such a DTC Participant directly or indirectly holds an interest in the Bonds (each such person being herein referred to as an "Indirect Participant"). Without limiting the immediately preceding sentence, Successor Agency and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (b) the delivery to any DTC Participant or any Indirect Participant or any other person, other than a Bondholder, as shown in the Register, of any notice with respect to the Bonds, including any notice of redemption, (c) the payment to any DTC Participant or Indirect Participant or any other Person, other than a Bondholder, as shown in the Register, of any amount with respect to principal of, premium, if any, or interest on, the Bonds or (d) any consent given by DTC as registered owner. So long as certificates for the Bonds are not issued pursuant to Section 2.12 and the Bonds are registered to DTC, the Successor Agency, and the Trustee shall treat DTC or any successor securities depository as, and deem DTC or any successor securities depository to be, the absolute owner of the Bonds for all purposes whatsoever, including without limitation (i) the payment of principal and interest on the Bonds, (ii) giving notice of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds and (iv) the selection of Bonds for redemption. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Bond certificate with respect to any Bond. Notwithstanding any other provision of this Indenture to the contrary, so long as any of the Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the Representation Letter.

Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks being mailed to the registered owner at the close of business on the Record Date applicable to any Interest Payment Date, the name "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 2.13. Successor Securities Depository; Transfers Outside Book Entry-Only System. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Successor Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. The Successor Agency, without the consent of any other person, but following written notice to the Successor Agency and the Trustee, may terminate the services of DTC with respect to the Bonds. Upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to the foregoing provisions, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Successor Agency, at the expense of the Successor Agency, is obligated to deliver Bond certificates to the beneficial owners of the Bonds, as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the books of the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or name Bondowner transferring or exchanging Bonds shall designate to the Trustee in writing, in accordance with the provisions of this Indenture. The Successor Agency may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, qualified to act as such under Section 17(a) of the Securities

Exchange Act of 1934, as amended, as may be acceptable to the Successor Agency, or such depository's agent or designee.

### ARTICLE III

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

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

#### Section 3.02. Application of Proceeds of Sale.

(a) Upon the receipt of payment for the 2016A Bonds on the Closing Date of \$\_\_\_\_\_, being the principal amount of the 2016A Bonds of \$\_\_\_\_\_.00, less an underwriter's discount of \$\_\_\_\_\_, plus a net original issue premium of \$\_\_\_\_\_, less \$\_\_\_\_\_ being the premium for the 2016A Municipal Bond Insurance Policy and less \$\_\_\_\_\_ being a portion of the premium for the Reserve Policy (which premiums were paid by the Original Purchaser as an accommodation to the Successor Agency), the Trustee shall deposit the proceeds of sale thereof in the Bond Proceeds Account and then apply such proceeds as follows:

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

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

(b) Upon the receipt of payment for the 2016B Bonds on the Closing Date of \$\_\_\_\_\_, being the principal amount of the 2016B Bonds of \$\_\_\_\_\_.00, less an underwriter's discount of \$\_\_\_\_\_, plus a net original issue premium of \$\_\_\_\_\_, less \$\_\_\_\_\_ being the premium for the 2016B Municipal Bond Insurance Policy and less \$\_\_\_\_\_ being a portion of the premium for the Reserve Policy (which premiums were paid by the Original Purchaser as an accommodation to the Successor Agency), the Trustee shall deposit the proceeds of sale thereof in the Bond Proceeds Account and then apply such proceeds as follows:

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

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

(c) Upon the application of the proceeds as set forth above, the Trustee shall close the Bond Proceeds Account. The Trustee may establish, as it deems necessary, a temporary fund or account on its records to facilitate the deposits and transfers set forth herein.

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

November 30, 2016, or upon the earlier Written Request of the Successor Agency, any moneys remaining on deposit in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account and the Costs of Issuance Fund shall be closed.

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

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

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

(c) The Parity Debt will be on such terms and conditions as may be set forth in a separate or Supplemental Indenture, which will provide for bonds substantially in accordance with this Indenture, and the deposit of moneys or a surety bond into the Reserve Account in an amount sufficient, together with the balance of the Reserve Account, to equal the Reserve Requirement on all Bonds expected to be outstanding including the Parity Debt;

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

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

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

## ARTICLE IV

### SECURITY OF BONDS; FLOW OF FUNDS

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

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

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

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

(a) *Interest Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing with the February 1, 2017, Interest Payment Date, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and

payable on the Outstanding Bonds and Parity Debt on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Parity Debt. Subject to this Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable (including accrued interest on any Bonds and Parity Debt redeemed prior to maturity pursuant to this Indenture).

(b) *Principal Account.* On or before the fifth (5th) Business Day preceding June 1, 2017 and December 1, 2017, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Bonds on June 1, 2017. On or before the fifth (5th) Business Day preceding June 1 and December 1 in each year beginning June 1, 2017, the Successor Agency shall transfer to the Trustee on or before May 1 of such year fifty percent (50%) of the principal amount due on the following June 1, and shall transfer on or before November 1 of such year the remaining fifty percent (50%) of the principal amount due on December 1 of such year. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next June 1. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds (including principal being paid pursuant to mandatory sinking fund redemption) as it shall become due and payable.

(c) *Sinking Account.* On or before the fifth (5th) Business Day preceding June 1, \_\_\_\_ and December 1, \_\_\_\_, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the sinking fund payment becoming due and payable on the Outstanding Bonds on June 1, \_\_\_\_\_. On or before the fifth (5th) Business Day preceding May 1 and November 1 in each year beginning May 1, \_\_\_\_, the Successor Agency shall transfer to the Trustee on or before May 1 of such year fifty percent (50%) of the sinking fund amount due on the following June 1, and shall transfer on or before November 1 of such year the remaining fifty percent (50%) of the sinking fund amount due on June 1 of such year. No such transfer and deposit need be made to the Sinking Account if the amount contained therein is at least equal to the sinking fund payment to become due on the next June 1. Subject to this Indenture, all moneys in the Sinking Account will be used and withdrawn by the Trustee solely for the purpose of paying the aggregate principal amount of the Bonds and term bonds relating to Parity Debt required to be redeemed on such September 1 pursuant to Section 2.03(b).

(d) *Reserve Account.*

(i) In lieu of a cash deposit to the Reserve Account, the Reserve Policy shall be delivered to the Trustee on the Closing Date. The prior written consent of the Municipal Bond Insurer shall be a condition precedent to the deposit of any credit instrument in lieu of a cash deposit into the Reserve Account.

If, on any Interest Payment Date, the moneys available in the Interest Account and/or the Principal Account do not equal the amount of the principal or interest with respect to the Bonds then coming due and payable, the Trustee shall apply the moneys available in the Reserve Account to make delinquent amounts by transferring the amount necessary for this purpose to the Interest Account and/or the Principal Account or shall draw on the Reserve Policy and apply amounts received from such draw to make delinquent amounts by transferring the amount necessary for this purpose to the

Interest Account and/or the Principal Account. To the extent there is cash or investments on deposit in the Reserve Account, such cash or investments shall be applied first before there is any draw on the Reserve Policy or any other credit facility credited to the Reserve Account in lieu of cash (a "Credit Facility"). Payment of any Policy Costs (hereinafter defined) shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw. Upon receipt of any delinquent amount with respect to which moneys have been advanced from the Reserve Account or there has been a draw on the Reserve Policy, such amount shall be deposited in the Reserve Account to the extent of such advance and first applied to reimburse a draw on the Reserve Policy and then to replenish any cash drawn therefrom.

The Reserve Account may be maintained at the specific direction of the Successor Agency in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds and Parity Debt in conformity with applicable provisions of the Tax Code.

The Successor Agency has no obligation to replace the Reserve Policy or to fund the Reserve Account with cash if, at any time the Bonds are outstanding, amounts are unavailable under the Reserve Policy.

(ii) The Successor Agency shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Municipal Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Municipal Bond Insurer at the Late Payment Rate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Municipal Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Municipal Bond Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

All cash and investments in the Reserve Account shall be transferred to the Debt Service Fund for payment of the debt service on the Bonds before any drawing may be made on the Reserve Policy or any other Reserve Fund Credit Instrument in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by

reference to the coverage then available thereunder) after applying all available cash and investments in the Debt Service Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(iii) Draws under the Reserve Policy may only be used to make payments on Bonds (but not Parity Debt).

(iv) If the Successor Agency shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Municipal Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than (i) acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect owners of the Bonds.

(v) This Indenture shall not be discharged until all Policy Costs owing to the Municipal Bond Insurer shall have been paid in full. The Successor Agency's obligation to pay such amount shall expressly survive payment in full of the Bonds.

(vi) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph (a) hereof and provide notice to the Municipal Bond Insurer at least three business days prior to each date upon which interest or principal is due on the Bonds.

(vii) The Reserve Policy shall expire on the earlier of the date the Bonds are no longer outstanding and the final maturity date of the Bonds.

With respect to the Reserve Policy, notwithstanding anything to the contrary set forth in this Indenture, the Successor Agency and the Trustee agree to comply with the terms of the Reserve Agreement.

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

## ARTICLE V

### COVENANTS OF THE SUCCESSOR AGENCY

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

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

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

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

(d) *Payment of Taxes and Other Charges*. The Successor Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Redevelopment Project, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; *provided, however*, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) *Compliance with Dissolution Act.* The Successor Agency covenants that it will comply with the requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder and under the Reserve Agreement. The Successor Agency shall take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules for each Semi-Annual Period debt service on the Bonds so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and July 1, as applicable, all amounts as shall be required to enable the Successor Agency to pay timely (i) principal of, and interest on, the Bonds coming due in such Bond Year, including the inclusion on the applicable Recognized Obligation Schedule the amounts set forth in the Recognized Obligation Debt Service Schedule attached hereto as Exhibit C and hereby made a part hereof and (ii) all amounts due and payable to the Municipal Bond Insurer in connection with the Municipal Bond Insurance Policies and the Reserve Policy.

(l) *Processing ROPS.* Not later than February 1 in each year, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Auditor-Controller which shall include the following: (i) all scheduled interest payments on all Outstanding Bonds and Parity Debt of the Successor

Agency that are due and payable during the next calendar year, (ii) all scheduled principal and mandatory sinking fund redemption payments on all Outstanding Bonds an Parity Debt of the Successor Agency that are due and payable during the next calendar year, (iii) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture or in any indenture relating to Parity Debt, and (v) and all amounts due and payable to the Municipal Bond Insurer in connection with the Municipal Bond Insurance Policies and the Reserve Policy.

In the event that the Successor Agency fails to timely file any Recognized Obligation Payment Schedule related to the Bonds for any period, the Successor Agency designates the Municipal Bond Insurer as its attorney in fact with the power to file a Recognized Obligation Payment Schedule with respect to the Bonds.

The Successor Agency further agrees (a) to the extent permitted by law, to amend any ROPS filing for any period during which amounts owned to the Municipal Bond Insurer either with respect to the Bond Insurance Policy or the Reserve Policy are not included on such ROPS filing, and (b) not to submit a last and final ROPS under the Dissolution Act without the prior written consent of the Municipal Bond Insurer.

Notwithstanding the foregoing, also commencing with the Recognized Obligation Schedule to be submitted no later than February 1, 2017, the Successor Agency shall include on each Recognized Obligation Payment Schedule that is payable by the County Auditor-Controller on January 2 one-half of the principal payment of the Bonds that is payable on the following September 1 as a reserve for the principal payment payable on such September 1, commencing with the January 2, 2018, deposit into Redevelopment Obligation Retirement Fund

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

(n) *Continuing Disclosure.* The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be an Event of Default hereunder. However, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under this Section 5.01(o).

## ARTICLE VI

### THE TRUSTEE

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

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

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

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

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

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

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

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

Section 6.03. Liability of Trustee.

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

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

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

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

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

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

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

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

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

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

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

The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

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

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

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured

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

Section 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession as provided in Section 6.08 hereof and shall be subject at all reasonable times upon reasonable notice to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

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

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

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

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

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

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

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

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

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

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

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

Section 6.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least monthly, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture and which include detail for all investment transactions effected by the Trustee or brokers selected by the Successor Agency. Upon the Successor Agency's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Successor Agency waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Successor Agency further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee shall maintain and store such records for a period of one year after the stated maturity of the Bonds.

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

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

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

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

## ARTICLE VII

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

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

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

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

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

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

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

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

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

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

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

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE X

PROVISIONS RELATING TO THE MUNICIPAL BOND  
INSURER AND THE MUNICIPAL BOND INSURANCE  
POLICIES

[TO COME]

## ARTICLE X

### MISCELLANEOUS

Section 10.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 10.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.03. Discharge of Indenture. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

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

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

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

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

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

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

Section 10.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

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

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

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

Section 10.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency or the City (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Upon request of the Trustee, the Successor Agency shall specify to the Trustee those Bonds disqualified pursuant to this Section 10.05.

Section 10.06. Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 10.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon request of the Successor Agency provide the Successor Agency a certificate of destruction.

Section 10.08. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first

class, registered or certified mail, postage prepaid, or sent by overnight mail, courier, fax or other electronic transmission, addressed as follows:

If to the Successor Agency: Successor Agency of the Porterville Redevelopment Agency  
c/o City of Porterville  
291 North Main Street  
Porterville, CA 93257  
Attention: City Manager  
Phone: (559) 782-7499

If to the Trustee: U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Global Corporate Trust Services  
Phone: (213) 615-6051

If to the Municipal Bond Insurer: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Phone: (\_\_\_\_) \_\_\_\_ - \_\_\_\_

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

Section 10.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable. such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Treasurer of the Successor Agency in trust for the benefit of the Owners. The Successor Agency covenants for the direct benefit of the Owners that its Treasurer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

Section 10.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

Section 10.11. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.12. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

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

SUCCESSOR AGENCY OF THE  
PORTERVILLE REDEVELOPMENT  
AGENCY

By \_\_\_\_\_  
John D. Lollis  
Executive Director

Attest:

\_\_\_\_\_  
Patrice Hildreth  
Deputy Secretary

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Ilse Vlach, CCTS  
Assistant Vice President

**EXHIBIT A**  
**FORM OF 2016A BONDS**

United States of America  
State of California  
County of Tulare

**SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY**  
**Tax Allocation Refunding Bond, Series 2016A**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	June 1, _____	September __, 2016	_____

REGISTERED OWNER:        CEDE & CO.

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

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

Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the Principal Corporate Trust Office (as such term is defined in the Indenture) of U.S. Bank National Association, as trustee (the "Trustee"), or at such other place as designated by the Trustee. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for which such Interest Payment Date occurs; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written

instructions of any such registered owner filed with the Trustee for that purpose on or before the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency of the Porterville Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016" (the "Bonds"), of an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, or redemption and other provisions) and all issued pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code and pursuant to a resolution of the Successor Agency adopted on June 7, 2016, a resolution of the Oversight Board of the Successor Agency of the Porterville Redevelopment Agency, adopted on June \_\_, 2016, and an Indenture of Trust, dated as of September 1, 2016, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Additional bonds or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law") for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds are being issued for the purpose of (a) providing funds to the Successor Agency to refund certain outstanding obligations incurred by the former Porterville Redevelopment Agency (the "Former Agency"), payable from tax increment revenue generated in the Porterville Redevelopment Project No. 1 established in the City of Porterville (the "City"), as identified in the Indenture, (b) funding a reserve fund for the Bonds, and (c) paying the costs of issuing the Bonds.

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

There has been created and will be maintained by the Successor Agency, the Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment of the principal of and the interest and redemption premium, if any, on the Bonds when due. As and to the extent set forth in the Indenture, all such Tax Revenues are exclusively and irrevocably to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and

payment of interest on, the Bonds. In addition, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Redevelopment Obligation Retirement Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account (as such terms are defined in the Indenture). Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be to, or otherwise liable for, the payment of principal or of interest or redemption premium, if any, on the Bonds.

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

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

Redemption Date (June 1)	Principal Amount
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† Maturity.

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

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

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

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon

payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the Successor Agency to the Former Redevelopment Agency of the City of Porterville has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Chair and attested by the facsimile signature of its Secretary, all as of Dated Date stated above.

SUCCESSOR AGENCY OF THE  
PORTERVILLE REDEVELOPMENT  
AGENCY

By \_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

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

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

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

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

**ASSIGNMENT**

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

\_\_\_\_\_

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

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

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

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

Signature Guaranteed:

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

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

**EXHIBIT B**  
**FORM OF 2016B BONDS**

United States of America  
State of California  
County of Tulare

**SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY**  
**Taxable Tax Allocation Refunding Bond, Series 2016B**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	June 1, _____	September __, 2016	_____

REGISTERED OWNER: CEDE & CO.

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

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

Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the Principal Corporate Trust Office (as such term is defined in the Indenture) of U.S. Bank National Association, as trustee (the "Trustee"), or at such other place as designated by the Trustee. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for which such Interest Payment Date occurs; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written

instructions of any such registered owner filed with the Trustee for that purpose on or before the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency of the Porterville Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2016B" (the "Bonds"), of an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, or redemption and other provisions) and all issued pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code and pursuant to a resolution of the Successor Agency adopted on June 7, 2016, a resolution of the Oversight Board of the Successor Agency of the Porterville Redevelopment Agency, adopted on June \_\_, 2016, and an Indenture of Trust, dated as of September 1, 2016, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Additional bonds or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law") for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds are being issued for the purpose of (a) providing funds to the Successor Agency to refund certain outstanding obligations incurred by the former Porterville Redevelopment Agency (the "Former Agency"), payable from tax increment revenue generated in the Porterville Redevelopment Project No. 1 established in the City of Porterville (the "City"), as identified in the Indenture, (b) funding a reserve fund for the Bonds, and (c) paying the costs of issuing the Bonds.

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

There has been created and will be maintained by the Successor Agency, the Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment of the principal of and the interest and redemption premium, if any, on the Bonds when due. As and to the extent set forth in the Indenture, all such Tax Revenues are exclusively and irrevocably to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and

payment of interest on, the Bonds. In addition, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Redevelopment Obligation Retirement Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account (as such terms are defined in the Indenture). Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be to, or otherwise liable for, the payment of principal or of interest or redemption premium, if any, on the Bonds.

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

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

Redemption Date (June 1)	Principal Amount
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† Maturity.

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

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

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

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon

payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the Successor Agency to the Former Redevelopment Agency of the City of Porterville has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Chair and attested by the facsimile signature of its Secretary, all as of Dated Date stated above.

SUCCESSOR AGENCY OF THE  
PORTERVILLE REDEVELOPMENT  
AGENCY

By \_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

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

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

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

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

**ASSIGNMENT**

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

\_\_\_\_\_

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

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

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

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

Signature Guaranteed:

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

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

EXHIBIT C

RECOGNIZED OBLIGATION DEBT SERVICE PAYMENT SCHEDULE

Interest Payment Date	Principal	Interest	Total
12/1/16			
6/1/17			
12/1/17			
6/1/18			
12/1/18			
6/1/19			
12/1/19			
6/1/20			
12/1/20			
6/1/21			
12/1/21			
6/1/22			
12/1/22			
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6/1/34			
12/1/34			
6/1/35			
12/1/35			
6/1/36			
12/1/36			
6/1/37			
12/1/37			
6/1/38			
12/1/38			
6/1/39			
12/1/39			
6/1/40			
Total			

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**ESCROW AGREEMENT**

**by and between the**

**SUCCESSOR AGENCY OF THE CITY OF THE PORTERVILLE**

**and**

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

**Dated September \_\_, 2016**

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Relating to the current refunding of the outstanding

Porterville Redevelopment Agency  
Porterville Redevelopment Project No. 1  
Tax Allocation Refunding Bonds, 2008 Series A  
(Redevelopment Projects)

Porterville Redevelopment Agency  
Porterville Redevelopment Project No. 1  
Taxable Tax Allocation Refunding Bonds, 2008 Series B  
(Redevelopment Projects)

Porterville Redevelopment Agency  
Porterville Redevelopment Project No. 1  
Tax Allocation Refunding Bonds, 2008 Series C  
(Housing Projects)

Porterville Redevelopment Agency  
Porterville Redevelopment Project No. 1  
Taxable Tax Allocation Refunding Bonds, 2008 Series D  
(Housing Projects)

## ESCROW AGREEMENT

This ESCROW AGREEMENT is made and entered into this \_\_\_\_ day of September 2016, by and between the SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY, as successor to the former Porterville Redevelopment Agency, a public entity, organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in Phoenix, Arizona, and being qualified to accept and administer the funds and accounts hereby created, as successor trustee with respect to the hereinafter described 2008 Bonds and as escrow agent hereunder (the "Escrow Bank");

### WITNESSETH:

WHEREAS, the Porterville 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 California Health and Safety Code (the "Law"), including the power to issue bonds for any of its corporate purposes;

WHEREAS, the Former Agency has previously issued the following obligations:

(a) \$4,565,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series A (Redevelopment Projects) (the "2008A Bonds"), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$3,925,000 principal amount remains outstanding,

(b) \$2,110,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series B (Redevelopment Projects) (the "2008B Bonds"), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$1,885,000 principal amount remains outstanding,

(c) \$1,160,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series C (Housing Projects) (the "2008C Bonds"), to refinance low and moderate income housing activities within the City, of which \$965,000 principal amount remains outstanding, and

(d) \$640,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series D (Housing Projects) (the "2008D Bonds" and, with the 2008A Bonds, the 2008B Bonds and the 2008C Bonds, the "2008 Bonds"), to refinance low and moderate income housing activities within the City, of which \$575,000 principal amount remains outstanding;

WHEREAS, the 2008A Bonds and the 2008B Bonds were issued pursuant to an indenture of trust, dated as of September 1, 2008 (the "2008AB Indenture"), by and between the Former Agency and U.S. Bank National Association, as trustee (the "2008 Trustee");

WHEREAS, the 2008AB Indenture provides that if the Successor Agency shall pay and provide for the entire indebtedness on all or any portion of the 2008A Bonds and/or the 2008B Bonds by irrevocably depositing cash or non-callable Defeasance Obligations (as defined in the 2008AB Indenture) with the 2008 Trustee in such amount as will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established

pursuant to the 2008AB Indenture, be fully sufficient to pay and discharge the indebtedness on all or such portion of the 2008A Bonds and/or the 2008B Bonds (including all principal, interest and redemption premiums) at or before maturity, and if the the 2008A Bonds and/or the 2008B are to be redeemed prior to the maturity thereof, and notice of such redemption is given pursuant to the 2008AB Indenture or provision satisfactory to the 2008 Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any 2008A Bonds or 2008B Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues (as defined in the 2008AB Indenture) and other funds provided for in the 2008AB Indenture and all other obligations of the 2008 Trustee and the Successor Agency under the 2008AB Indenture with respect to all or such portion of the 2008A Bonds and/or the 2008B Bonds shall cease and terminate, except only the obligations of the 2008 Trustee to transfer and exchange the 2008A Bonds and the 2008B Bonds thereunder and except the obligations of the Successor Agency to pay or cause to be paid to the owners of the 2008A Bonds and/or the 2008B Bonds not so surrendered and paid all sums due thereon and all expenses and costs of the 2008 Trustee; and thereafter Tax Revenues shall not be payable to the 2008 Trustee;

WHEREAS, the 2008C Bonds and the 2008D Bonds were issued pursuant to an indenture of trust, dated as of September 1, 2008 (the "2008CD Indenture") and, with the 2008AB Indenture, the "2008 Indentures"), by and between the Former Agency and the 2008 Trustee;

WHEREAS, the 2008CD Indenture provides that if the Successor Agency shall pay and provide for the entire indebtedness on all or any portion of the 2008C Bonds and/or the 2008D Bonds by irrevocably depositing cash or non-callable Defeasance Obligations (as defined in the 2008CD Indenture) with the 2008 Trustee in such amount as will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the 2008CD Indenture, be fully sufficient to pay and discharge the indebtedness on all or such portion of the 2008C Bonds and/or the 2008D Bonds (including all principal, interest and redemption premiums) at or before maturity, and if the the 2008C Bonds and/or the 2008D are to be redeemed prior to the maturity thereof, and notice of such redemption is given pursuant to the 2008CD Indenture or provision satisfactory to the 2008 Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any 2008C Bonds or 2008D Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues (as defined in the 2008CD Indenture) and other funds provided for in the 2008CD Indenture and all other obligations of the 2008 Trustee and the Successor Agency under the 2008CD Indenture with respect to all or such portion of the 2008C Bonds and/or the 2008D Bonds shall cease and terminate, except only the obligations of the 2008 Trustee to transfer and exchange the 2008C Bonds and the 2008D Bonds thereunder and except the obligations of the Successor Agency to pay or cause to be paid to the owners of the 2008C Bonds and/or the 2008D Bonds not so surrendered and paid all sums due thereon and all expenses and costs of the 2008 Trustee; and thereafter Tax Revenues shall not be payable to the 2008 Trustee;

WHEREAS, the Successor Agency has determined that, due to prevailing financial market conditions, it is in the best interests of the Successor Agency at this time to provide for the redemption of the 2008 Bonds in full on October \_\_, 2016 (the "Redemption Date") at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to such date (the "Redemption Price");

WHEREAS, to raise funds necessary to effectuate the refunding of the 2008A Bonds and the 2008C Bonds, and for other purposes, the Successor Agency has issued its Successor Agency of the Porterville Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016A (the "2016A Bonds"), pursuant to an Indenture of Trust, dated as of September 1, 2016 (the "2016

Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “2016 Trustee”);

WHEREAS, to raise funds necessary to effectuate the refunding of the 2008B Bonds and the 2008D Bonds, and for other purposes, the Successor Agency has issued its Successor Agency of the Porterville Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2016B (the “2016B Bonds” and, with the 2016A Bonds, the “2016 Bonds”), pursuant to the 2016 Indenture;

WHEREAS, the Successor Agency wishes to make a deposit with the Escrow Bank and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited; and

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

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

*Section 1. Appointment of Escrow Bank.* The Successor Agency hereby appoints the Escrow Bank as escrow agent for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

*Section 2. Establishment of Escrow Fund.* There is hereby created by the Successor Agency with, and to be held by, the Escrow Bank, as security for the defeasance and redemption of the 2008 Bonds, as hereinafter set forth, an irrevocable escrow to be maintained by the Escrow Bank on behalf of the Successor Agency and for the benefit of the owners of the 2008 Bonds, said escrow to be designated the “Escrow Fund.” All moneys deposited in the Escrow Fund shall constitute a special fund for the defeasance and redemption of the 2008 Bonds in accordance with the provisions of the 2008 Indentures. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 4 hereof, the Escrow Bank shall notify the Successor Agency of such fact and the Successor Agency shall immediately cure such deficiency.

*Section 3. Deposit into Escrow Fund.*

(a) Concurrently with delivery of the 2016 Bonds, the Successor Agency shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$\_\_\_\_\_, derived as follows:

(i) from the proceeds of the 2016A Bonds, the sum of \$\_\_\_\_\_;

(ii) from the proceeds of the 2016B Bonds, the sum of \$\_\_\_\_\_;

(iii) from amounts on deposit in the reserve account created for the 2008A Bonds and the 2008B Bonds (the “2008AB Reserve Account”), the sum of \$\_\_\_\_\_; and

(iv) from amounts on deposit in the reserve account created for the 2008C Bonds and the 2008D Bonds (the “2008CD Reserve Account”), the sum of \$\_\_\_\_\_.

(b) The Escrow Bank shall hold all amounts deposited in the Escrow Fund in cash, uninvested. The moneys held by the Escrow Bank in the Escrow Fund shall be used solely for the uses and purposes set forth herein.

(c) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Agreement.

(d) Any money left on deposit in the Escrow Fund after payment in full of the 2008 Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be paid to the Successor Agency.

*Section 4. Instructions as to Application of Deposit; Redemption Notice.*

(a) The moneys deposited in the Escrow Fund pursuant to Section 3 shall be applied by the Escrow Bank for the sole purpose of redeeming the outstanding 2008 Bonds in full on the Redemption Date at the Redemption Price, all as set forth in Exhibit B attached hereto and by this reference incorporated herein.

(b) The Escrow Bank, in its capacity as 2008 Trustee, has been previously requested, and the Escrow Bank, as 2008 Trustee, previously agreed to give timely notice of the redemption of the 2008 Bonds on the Redemption Date in accordance with the applicable provisions of the 2008 Indentures.

*Section 5. Application of 2008 Funds.*

(a) On the date of deposit of amounts in the Escrow Fund pursuant to Section 3, the Escrow Bank, as 2008 Trustee, is hereby directed to (i) withdraw all amounts on deposit in the 2008AB Reserve Account (\$\_\_\_\_\_) and transfer such sum to the Escrow Fund, and (ii) withdraw all amounts on deposit in the 2008CD Reserve Account (\$\_\_\_\_\_) and transfer such sum to the Escrow Fund.

(b) Any amounts remaining on deposit in any fund or account established under the 2008 Indentures relating to the 2008 Bonds, including any investment earnings received after the date of original delivery of the 2016 Bonds, shall be transferred by the Escrow Bank to the Successor Agency for deposit in the Redevelopment Obligation Retirement Fund established under the 2016 Indenture.

*Section 6. Application of Certain Terms of 2008 Indentures.* All of the terms of the 2008 Indentures relating to the making of payments of principal and interest with respect to the 2008 Bonds are incorporated in this Escrow Agreement as if set forth in full herein. The provisions of the 2008 Indentures relating to the limitations from liability and protections afforded the 2008 Trustee and the resignation and removal of the 2008 Trustee are also incorporated in this Escrow Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

*Section 7. Compensation to Escrow Bank.* The Successor Agency shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

*Section 8. Liabilities and Obligations of Escrow Bank.* The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the Successor Agency shall

have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Successor Agency or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the uninvested moneys held hereunder to accomplish the purposes set forth in Section 3 hereof, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the Successor Agency, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the uninvested moneys to accomplish the purposes set forth in Section 3 hereof or to the validity of this Escrow Agreement as to the Successor Agency and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the Successor Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the Successor Agency.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

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

The Successor Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law,

to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the Successor Agency shall not be required to indemnify the Escrow Bank against its own negligence or misconduct. The indemnities contained in this Section 8 shall survive the termination of this Escrow Agreement or the resignation or removal of the Escrow Bank.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to revive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Bank may execute any of the obligations or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Bank shall furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Bank. Upon the Successor Agency's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Successor Agency further understands that trade confirmations for securities transactions effected by the Escrow Bank will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

*Section 9. Amendment.* This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2008 Bonds shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the Successor Agency and the Successor Agency, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2008 Bonds or the 2016A Bonds, and that such amendment will not cause interest on the 2008A Bonds, the 2008C Bonds or the 2016A Bonds to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Agreement, prior written notice thereof

and draft copies of the applicable legal documents shall be provided by the Successor Agency to each rating agency then rating the 2008 Bonds.

*Section 10. Severability.* If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the 2008 Bonds.

*Section 11. Notice of Escrow Bank, Agency and Successor Agency.* Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the Principal Corporate Trust Office of the Escrow Bank as specified by the Escrow Bank as 2008 Trustee in accordance with the provisions of the 2008 Indentures. Any notice to or demand upon the Successor Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2008 Indentures (or such other address as may have been filed in writing by the Successor Agency with the Escrow Bank).

*Section 12. Merger or Consolidation of Escrow Bank.* Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2008 Indentures, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

*Section 13. Execution in Several Counterparts.* This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

*Section 14. Governing Law.* This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY has caused this Escrow Agreement to be signed in its name by its Executive Director and U.S. BANK NATIONAL ASSOCIATION in token of its acceptance of the escrow created hereunder, has caused this Escrow Agreement to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

SUCCESSOR AGENCY OF THE  
PORTERVILLE REDEVELOPMENT  
AGENCY

By \_\_\_\_\_  
John D. Lollis  
Executive Director

Attest:

\_\_\_\_\_  
Patrice Hildreth  
Deputy Secretary

U.S. BANK NATIONAL ASSOCIATION, as  
Escrow Bank and 2008 Trustee

By \_\_\_\_\_  
Ilse Vlach, CCTS  
Assistant Vice President

**EXHIBIT A**  
**REDEMPTION SCHEDULES**

2008A Bonds

Redemption Date	Scheduled Principal	Called Principal	Interest	Redemption Premium	Total Payment
10/__/16	—	\$3,925,000		—	

2008B Bonds

Redemption Date	Scheduled Principal	Called Principal	Interest	Redemption Premium	Total Payment
10/__/16	—	\$1,185,000		—	

2008C Bonds

Redemption Date	Scheduled Principal	Called Principal	Interest	Redemption Premium	Total Payment
10/__/16	—	\$995,000		—	

2008D Bonds

Redemption Date	Scheduled Principal	Called Principal	Interest	Redemption Premium	Total Payment
10/__/16	—	\$575,000		—	



**FISCAL CONSULTANT REPORT  
2016 TAX ALLOCATION REFUNDING BONDS**

Successor Agency to the  
Porterville Redevelopment Agency

Porterville, California

October 17, 2016

## TABLE OF CONTENTS

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INTRODUCTION .....	3
CHANGES TO REDEVELOPMENT LAW AND REDEVELOPMENT PLAN BACKGROUND.....	4
PROJECT AREA VALUE AND COLLECTION HISTORY .....	5
ASSESSED VALUATION .....	5
LAND USE .....	8
RECOGNIZED OBLIGATION PAYMENT SCHEDULE ANALYSIS .....	8
TOP TEN TAXPAYERS ANALYSIS.....	10
REVENUE PROJECTION ASSUMPTIONS .....	11
COUNTY COLLECTIONS/DELINQUENCIES .....	12
PROPOSITION 8 REDUCTIONS AND RESTORATIONS .....	13
TAXING AGENCY PAYMENTS.....	13
LOW AND MODERATE INCOME HOUSING FUND DEPOSITS .....	15
ASSESSMENT APPEALS.....	15
TAX INCREMENT REVENUE PROJECTIONS.....	19

## INTRODUCTION

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The Successor Agency to the Porterville Redevelopment Agency (“Agency”) desires to refinance existing bonded indebtedness issued in 2008 by the former Porterville Redevelopment Agency. The 2008 Tax Allocation Refunding Bonds, Series A and C, and 2008 Taxable Tax Allocation Bonds, Series B and D (“2008 Bonds”) were secured by tax increment generated within the Porterville Redevelopment Project No. 1, now comprised of the Original Area and the 2010 Amendment Area, collectively the “Project Area”. This Fiscal Consultant Report (“FCR”) has been prepared by RSG, Inc. (“RSG”) at the request of the Agency in order to substantiate available tax revenues to be generated in the future.

The primary function of this FCR is to illustrate the ability of future revenues from tax increment (“Revenue Projections” or “Tax Increment Projections”) to pay debt obligations. In addition to the Revenue Projections and general methodology and assumptions made in preparation of the Revenue Projections, this FCR presents historical assessment and revenue information, as well as other pertinent information pertaining to the Project Area. The following tables and exhibits are provided as back-up and support for the Revenue Projections.

- Exhibit 1: Current Base Year Assessed Value
- Exhibit 2: Historic Assessed Value and Tax Increment Revenue
- Exhibit 3: Secured Assessed Value by Land Use
- Exhibit 4: Historic Redevelopment Property Tax Trust Fund Revenues
- Exhibit 5: Top Ten Taxpayers for 2016-17 by Assessed Value
- Exhibit 6: General Property Tax Levy Shares
- Exhibit 7: Fiscal Year 2011-12 to 2015-16 Secured and Unsecured Delinquencies
- Exhibit 8: Pass Through Agreement Summary
- Exhibit 9: Assessment Appeals History
- Exhibit 10: Top Ten Taxpayer Assessment Appeals History
- Exhibit 11: Projected Tax Revenues and Estimated Net Revenues for Debt Service

## CHANGES TO REDEVELOPMENT LAW AND REDEVELOPMENT PLAN BACKGROUND

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Due to Assembly Bill x1 26, all California redevelopment agencies were dissolved on February 1, 2012. Several subsequent bills have been adopted to amend and clarify the dissolution process and the responsibilities of the successor agencies created to oversee payment of redevelopment debts. This “Dissolution Law” has implemented significant changes to the Health and Safety Code (“HSC”), including changes to the method for collection and distribution of tax increment, and restrictions set by redevelopment plans.

Today, successor agencies are allocated only the tax revenues necessary to pay valid debts, or Recognized Obligations, according to schedules created by the successor agency annually. These schedules are known as Recognized Obligation Payment Schedules, or “ROPS”. Tax increment amounts are now collected by the County Auditor Controller and distributed pursuant to HSC Section 34183. Tax increment is distributed in the following priority: (1) County and State administrative fees; (2) taxing agency (pass-through) payments; (3) successor agency debts, including bond debt, as identified on the ROPS; (4) successor agency administrative costs; and (5) remaining money is shared among the project area’s affected taxing agencies. Please note that pass through payments that were subordinated to bond issues remain subordinate under Dissolution Law. Additionally, the Low and Moderate Housing Set Aside requirements and Redevelopment Plan limitations have been eliminated. As such, the Revenue Projections do not include a set aside for housing, and the Project Area is assumed to remain in existence until all debt, including the 2016 Bonds, is paid in full.

On a technical note, the Dissolution Act essentially eliminated the term “tax increment” and refers instead only to property taxes, though the process for determining the property tax amounts subject to the Dissolution Act is still determined in the same way it was prior to dissolution, where a base year value is subtracted from a current year value. For clarity, this FCR continues to use the term tax increment to refer to those property taxes generated in the Project Area above the established base year value.

The City Council of the City of Porterville (“City Council”) adopted the Porterville Redevelopment Project No. 1 Redevelopment Plan (“Plan”) on July 10, 1990 by approval of Ordinance No. 1436. The Plan was amended on November 15, 1991 by Ordinance No. 1504 to establish time limits in accordance with Assembly Bill 1290. The Plan was amended a second time on July 6, 2004 by Ordinance No. 1655 to remove approximately 26 acres (“Detachment Area”) from the 471-acre Project Area as well as repeal the time limits to incur debt pursuant to Senate Bill 211. On July 6, 2010, the Plan was amended a third time by Ordinance No. 1765, to add 1,506<sup>1</sup> acres of territory (the “Amendment 2010 Area”), reinstate eminent domain authority in the existing project area (“Original Area”), and modify the Plan’s projects and programs list for the Original Area.

The Project Area is located in the City of Porterville (“City”), Tulare County (“County”), California. The City was incorporated in 1902 and is approximately 49 miles north of Bakersfield and 70

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<sup>1</sup> Although the Amended Redevelopment Plan shows that the Amended 2010 Area is 1,520 acres, 14 acres were removed by City Council during the plan adoption process.

miles southeast of Fresno. The Project Area encompasses approximately 1,951 acres, or approximately 16% of the City's 11,896 acres.

## PROJECT AREA VALUE AND COLLECTION HISTORY

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### ASSESSED VALUATION

The Redevelopment Plan for the Project Area provides that the former Porterville Redevelopment Agency could collect tax increment to finance project implementation. Tax increment revenue is generated from increases in the current year total assessed value above the base year value. Exhibit 1 presents the Project Area Base Year Value, as well as the 2016-17 total assessed value as reported by the County Auditor-Controller. A Volatility Ratio was calculated by dividing the base year assessed valuation by the current year assessed valuation. The higher the Volatility Ratio, the greater the adverse impact on tax increment due to a reduction in assessed valuation.

The current base year amount is \$430,923,528, and the Fiscal Year 2016-17 total assessed value is \$572,044,700, for an incremental value of \$141,121,172. The Project Area has a Volatility Ratio of 75%.

#### **Exhibit 1. Current Base Year Assessed Value**

##### **Porterville Redevelopment Project No. 1**

	Project Area
Secured	\$398,464,581
Unsecured	\$32,458,947
Total Project Area Base Year	\$430,923,528
Current 2016-17 Assessed Value	\$572,044,700
2016-17 Incremental Value	\$141,121,172
Volatility Ratio (BY AV/Current AV)	75%

*Source: Tulare County Assessment Roll, County Auditor Controller*

### TAX INCREMENT COLLECTION HISTORY

Exhibit 2 summarizes year-to-year changes in the Project Area's assessed values for the past five years based upon the County Auditor-Controller's annual assessed value reports. During this period, the total assessed value for the Project Area has increased from \$523 million to \$572 million (9.4%).

The Project Area has two subareas: the Original Area and the Amendment 2010 Area. In the past five years, total incremental value has increased by 6.1 percent in the Original Area and 11.1 percent in the Amendment 2010 Area. The Amendment 2010 Area did not generate tax increment in FYs 2012-13 through 2014-15 when its total assessed value was less than the base year value; it began generating tax increment when the assessed value was higher than the base year value in FYs 2015-16 and 2016-17.

FISCAL CONSULTANT REPORT  
SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY

Exhibit 2 also presents a summary of tax increment revenue estimates and collections for fiscal years 2012-13 through 2015-16. Collections have exceeded revenue estimates from 2012-13 through 2015-16.

FISCAL CONSULTANT REPORT  
SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY

**Exhibit 2. Historic Assessed Values and Tax Increment Revenue**

**Porterville Redevelopment Project No. 1**

	2012-13	% Change	2013-14	% Change	2014-15	% Change	2015-16	% Change	2016-17	% Change
<b>Original Area</b>										
Secured	\$ 171,617,964	-2.52%	\$ 168,068,524	-2.07%	\$ 165,968,449	-1.25%	\$ 173,965,480	4.82%	\$ 174,320,457	0.20%
Utility	721,250		1,652,428		1,652,428		1,727,717		1,023,342	
Unsecured	<u>11,134,830</u>		<u>11,668,106</u>		<u>18,316,224</u>		<u>18,264,127</u>		<u>19,356,292</u>	
Total	183,474,044	-2.34%	181,389,058	-1.14%	185,937,101	2.51%	193,957,324	4.31%	194,700,091	0.38%
Base Year <sup>1</sup>	(75,997,571)		(75,997,571)		(75,997,571)		(75,407,232)		(75,407,232)	
Incremental	107,476,473	-3.93%	105,391,487	-1.94%	109,939,530	4.32%	118,550,092	7.83%	119,292,859	0.63%
<b>Amendment 2010</b>										
Secured	\$ 315,870,029	6.33%	\$ 320,988,013	1.62%	\$ 327,105,847	1.91%	\$ 345,638,845	5.67%	\$ 355,203,684	2.77%
Utility	-		113,220		113,220		113,220		-	
Unsecured	<u>23,764,063</u>		<u>22,237,061</u>		<u>23,001,403</u>		<u>21,463,113</u>		<u>22,140,925</u>	
Total	339,634,092	6.13%	343,338,294	1.09%	350,220,470	2.00%	367,215,178	4.85%	377,344,609	2.76%
Base Year	(355,516,296)		(355,516,296)		(355,516,296)		(355,516,296)		(355,516,296)	
Incremental <sup>2</sup>	-	n/a	-	n/a	-	n/a	11,698,882	n/a	21,828,313	86.58%
<b>Total Project Area</b>										
Secured	\$ 487,487,993	3.04%	\$ 489,056,537	0.32%	\$ 493,074,296	0.82%	\$ 519,604,325	5.38%	\$ 529,524,141	1.91%
Utility	721,250		1,765,648		1,765,648		1,840,937		1,023,342	
Unsecured	<u>34,898,893</u>		<u>33,905,167</u>		<u>41,317,627</u>		<u>39,727,240</u>		<u>41,497,217</u>	
Total	523,108,136	3.00%	524,727,352	0.31%	536,157,571	2.18%	561,172,502	4.67%	572,044,700	1.94%
Incremental	107,476,473	-3.93%	105,391,487	-1.94%	109,939,530	4.32%	130,248,974	18.47%	141,121,172	8.35%
Estimated Receipts	1,074,765		1,053,915		1,099,395		1,302,490		1,411,212	
Actual Receipts <sup>3</sup>	\$ 1,089,333		\$ 1,100,906		\$ 1,173,372		\$ 1,380,042		N/A	
% Actual v Estimated	101%		104%		107%		106%			

<sup>1</sup>Base year changed in the Original Project Area in FY 2015-16

<sup>2</sup>If the current year assessed value is less than the base year value, the incremental value is zero.

<sup>3</sup> Receipt collections are pursuant to the Tulare County Auditor-Controller Revenue Detail Reports. Collections for FY 2015-16 are current through 6/30/16.

## LAND USE

Exhibit 3 summarizes the 2016-17 total secured assessed values by land use category for the Project Area. Land use data is collected through the County Assessor. Half of the Project Area's secured assessed value is derived from commercial uses, following by single-family residential (30 percent), multi-family residential (12 percent), industrial (6 percent), and other uses (less than 2 percent).

### Exhibit 3. Secured Assessed Value by Land Use

#### Porterville Redevelopment Project No. 1

Land Use	# of Parcels	Secured Assessed Value <sup>1</sup>	% of Total
Commercial	652	\$ 269,854,018	50.96%
Single Family Residential	2,118	157,482,183	29.74%
Multiple Residential	288	61,783,178	11.67%
Industrial	44	33,106,415	6.25%
Mobile Homes	16	3,741,980	0.71%
Miscellaneous	83	1,845,970	0.35%
Institutional/Exempt	47	1,689,988	0.32%
Agricultural	1	20,409	0.004%
	3,249	\$ 529,524,141	100.00%

<sup>1</sup> Values shown here are net of all exemptions except Homeowners Exemption

<sup>2</sup> Miscellaneous includes unassigned use codes, possessory interests, water, ditches, boats, aircrafts, golf courses, timber, and mineral rights.

Sources: Tulare County Assessor 2016-17 Secured Roll, Tulare County Auditor-Controller

## RECOGNIZED OBLIGATION PAYMENT SCHEDULE ANALYSIS

Exhibit 4 summarizes collections and distributions on a ROPS basis. Most of the Agency's debt obligations are related to bonds, followed by a loan from the City for the formation of the Project Area, a reserve for an infrastructure project, and administrative expenses.

The amount of property tax available to fund ROPS obligations has exceeded the Agency's bond debt obligation in all ROPS periods. However, bond debt service was underfunded in the ROPS 3 period and other non-bond debt service obligations have been underfunded from the ROPS 1 through 15-16B periods<sup>2</sup>. The Agency used other funds borrowed from the City and reduced its administrative expenses to make up for being underfunded.

<sup>2</sup> Each ROPS encompasses a six month periods beginning in January 2012: ROPS 1 (January 2012 to June 2012), ROPS 2 (July 2012 to December 2012), ROPS 3 (January 2013 to June 2013), ROPS 13-14A (July 2013 to December 2014), ROPS 13-14B (January 2014 to July 2014), and so on.

FISCAL CONSULTANT REPORT  
SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY

**Exhibit 9. Assessment Appeal History**  
Porterville Redevelopment Project No. 1

Fiscal Year	Stipulated/Reduced	Withdrawn/Denied/No Change/Invalid	Pending	Total	AV of All Appeals (Portion of Project Area)		Requested Reductions (Portion of Project Area)		Granted Reductions <sup>1</sup> (Portion of Project Area)		Average Granted Reduction	Pending Reductions <sup>2</sup> (Portion of Project Area)		Total Project Area Value
2015-16	5	0	11	16	85,928,426	15.31%	38,334,435	6.83%	1,383,425	0.25%	276,685	36,339,099	6.48%	\$561,172,502
2014-15	3	5	1	9	42,162,228	7.86%	10,012,341	1.87%	756,625	0.14%	252,208	3,475,437	0.65%	\$536,157,571
2013-14	3	3	0	6	15,867,381	3.02%	4,199,164	0.80%	317,264	0.06%	105,755	-	0.00%	\$524,727,352
2012-13	11	8	0	19	11,313,792	2.16%	4,441,190	0.85%	1,234,467	0.24%	112,224	-	0.00%	\$523,108,136
2011-12	6	4	0	10	8,126,621	1.60%	2,250,970	0.44%	3,719,677	0.73%	619,946	-	0.00%	\$507,872,665
	28	20	12	60			\$59,238,100		\$7,411,458		\$264,695	\$39,814,536		

Historical Rate of Stipulated/Reduced Appeals 47%

Average Granted Reduction as Percentage of Requested Reduction<sup>3</sup> 13%

<sup>1</sup> Assumed reduction was granted if board value is less than roll value, regardless of status.

<sup>2</sup> Pending appeals are those with a status of 'New Appeal', a board action of 'NULL', and board value of zero.

<sup>3</sup> Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Tulare County Clerk of the Board; Tulare County Assessor

Note: Extreme care was taken with the information provided by the County and County staff to accurately represent appeals; however, RSG noted a series of flaws in the data provided as described in the report. The values included here are based on the best information available.

FISCAL CONSULTANT REPORT  
SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY

The underfunding is largely due to errors and procedural changes made in the earlier ROPS 1-3 periods. In the ROPS 1 and 2 periods, the Agency incorrectly claimed more property tax than it needed for debt service. To compensate, it requested less property tax for debt service in the ROPS 3 period. However, beginning in the ROPS 3 period, the Department of Finance implemented a “Prior Period Adjustment” that essentially did not allow the Agency to keep unspent funds from prior periods. This resulted in a shortfall in the ROPS 3 period. The Agency requested the shortfall amount on subsequent ROPS to make up for being underfunded in period periods. The Agency was fully funded in the ROPS 16-17A period and the prior period shortfalls were fully repaid.

## TOP TEN TAXPAYERS ANALYSIS

Utilizing the County’s 2016-17 Secured and Unsecured Assessment Rolls, the top ten largest taxpayers within the Project Area have been identified and are listed in Exhibit 5. Top ten taxpayers own properties comprising 23 percent of the total Project Area assessed value (or 92 percent of the incremental value). The largest taxpayer is Walmart Stores, whose properties make up 12 percent of the Project Area assessed value (or 48 percent of the incremental value).

**Exhibit 5. Top 10 Taxpayers for 2016-17 by Assessed Value**

**Porterville Redevelopment Project No. 1**

Property Owner	No. of Parcels	Subarea	Primary Land Use	2016-17 Total Assessed Value	% of Total AV	% of Inc. Value <sup>1</sup>
1 Walmart Stores, Inc. <sup>2</sup>	4	Orig. & 2010	Commercial	\$ 67,047,545	11.72%	47.51%
2 Beckman Coulter, Inc. <sup>2</sup>	1	Original	Industrial	11,477,244	2.01%	8.13%
3 Royalty Carpet Mills, Inc.	5	Orig. & 2010	Industrial	10,644,054	1.86%	7.54%
4 Walgreen Company <sup>2</sup>	6	2010	Commercial	8,079,793	1.41%	5.73%
5 3-W, Inc. <sup>3</sup>	6	2010	Commercial	7,240,725	1.27%	5.13%
6 Citizens Business Bank	12	2010	Commercial	6,443,940	1.13%	4.57%
7 ESA Project Company LLC <sup>4</sup>	1	Original	Commercial	5,288,170	0.92%	3.75%
8 Store Capital Acquisitions LLC <sup>5</sup>	1	2010	Commercial	4,600,846	0.80%	3.26%
9 PV Storage LLC	2	2010	Commercial	4,533,700	0.79%	3.21%
10 Bank of the Sierra	4	Orig. & 2010	Commercial	4,164,018	0.73%	2.95%
Total				\$ 129,520,035	22.64%	91.78%
Total Project Area Assessed Value				\$ 572,044,700		
Total Project Area Incremental Value				\$ 141,121,172		

<sup>1</sup> Value as a percentage of incremental value is for illustrative purposes only, and not intended to represent that all value associated with the top taxpayers is increment. A portion of the value is a part of the base year. A parcel-level base year analysis was not performed.

<sup>2</sup> Walmart, Beckman Coulter, and Walgreen Company have pending assessment appeals requesting a \$39.2 million reduction in 2014-15 and 2015-16 assessed values. Top 10 assessment appeals are described in Exhibit 10.

<sup>3</sup> 3-W, Inc. is the parent company that operates Town and Country Shopping Center and Fuel Station.

<sup>4</sup> ESA Project Company LLC is known as 2012 ESA Project Company on the tax roll. All AV is unsecured property located at the Walmart Distribu

<sup>5</sup> Store Capital Acquisitions LLC is the parent company that operates Galaxy Theaters

Sources: Tulare County Assessor 2016-17 Secured and Unsecured Tax Rolls, Tulare County Auditor-Controller

## REVENUE PROJECTION ASSUMPTIONS

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The following section details the assumptions used by RSG to project future tax increment revenues available to fund debt service.

### ARTICLE XIII A (PROPOSITION 13) INFLATIONARY ADJUSTMENTS

As enacted by Proposition 13 in 1978, Article XIII A of the State Constitution limits annual inflationary adjustments to property assessed values to a maximum of 2% annually. Each year, the State Board of Equalization establishes this annual increase based on the statewide consumer price index for the previous year (October to October). Since its passage in 1978, there have been nine occurrences when the inflationary adjustment was less than 2%. Most recently, this occurred in fiscal years 2016-17, 2015-16, 2014-15, 2011-12, 2010-11, and 2004-05; the inflationary adjustments for these fiscal years was 1.525%, 1.998%, 0.454%, 0.753%, -0.237% and 1.867%, respectively.

The assessed valuation forecast provided in the tax increment projections shown in Exhibit 11 incorporates a zero percent growth rate to be conservative.

### TAX RATES

The Revenue Projections presented in Appendix A calculate revenue based on a 1% general levy rate. Exhibit 6 provides the various taxing agency shares for the Project Area, weighted by increment. During review of County RPTTF distribution reports, it was discovered that the County General Fund was receiving moneys in excess of the 18% share reported below. The County Auditor Controller has determined the pass through agreement with the County freezes the County's general levy rate at the time the agreement was implemented, resulting in a rate of 36% in the Original Area, not 18%. As such, the Revenue Projections have been altered to mirror current allocation practices used by the Auditor Controller.

FISCAL CONSULTANT REPORT  
SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY

**Exhibit 6. General Property Tax Levy Shares**

**Porterville Redevelopment Project No. 1**

	Original	Amend 2010	Total
General County	0.180385	0.171208	0.177032
Porterville Unified (Elem)	0.197260	0.192661	0.195580
Porterville Unified (High)	0.129109	0.128801	0.128996
Burton Elem	-	(0.003135)	(0.001145)
Kern Community College	0.075537	0.073691	0.074863
County School Service Fund	0.024385	0.023790	0.024168
Porter Vista PUD	0.000703	0.011605	0.004686
Portville Cemetery	0.004609	0.004496	0.004568
Porterville City	0.118083	0.112752	0.116135
Porterville Memorial	0.008474	0.008268	0.008399
Sierra View Hospital	0.019218	0.018749	0.019047
Tulare Co Air Pollution Control	0.000346	0.000338	0.000343
Tulare County Flood Control	0.002117	0.002065	0.002098
Tulare County Resource Control	-	0.000000	0.000000
ERAF	0.239774	0.254710	0.245231
<hr/>			
<i>Source: Tulare County Auditor-Controller</i>	1.000000	1.000000	1.000000

**COUNTY ADMINISTRATIVE CHARGES**

The County charges an administrative fee for disbursing property tax increment revenues, and is paid through the tax increment distribution process outlined in HSC Section 34183. In fiscal year 2015-16, the County charged the Agency \$31,596 in administrative charges for the Project Area, which was approximately 2.5% of the total tax increment received by the Successor Agency in fiscal year 2015-16. Therefore, future projections assume an amount equal to 2.5% of the assessed value will be used to fund County administrative charges.

**CHANGES IN VALUE CAUSED BY NEW CONSTRUCTION**

RSG obtained a list of projects currently under construction whose completed improvements will result in an increase in assessed value for the subject property that is anticipated to be reflected on the 2017-18 assessment roll. However, no building permits have been finalized in the Project Area that would trigger a reassessment at this time.

**SUPPLEMENTAL ROLL REVENUE**

Supplemental roll revenue is the revenue generated from a supplemental tax bill, which is issued when a property sale occurs or construction is completed after January 1st (the Assessor's cut-off date for the next year's assessment roll). A supplemental tax bill is used for the period between the sale or completion of construction and the next regular tax bill. Supplemental revenue can be unpredictable; consequently, these revenues are not included in the Revenue Projections.

**COUNTY COLLECTIONS/DELINQUENCIES**

The County of Tulare does not offer a Teeter Plan, which stabilizes property tax payments at 100% of anticipated receipts. Exhibit 7 summarizes the percent of delinquencies on secured and unsecured taxes due in the last five years. The percent of delinquencies has ranged from two to

**FISCAL CONSULTANT REPORT  
SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY**

four percent. However, as shown in Exhibit 2, actual receipts have historically exceeded estimated collections due to supplemental and prior year tax collections.

**Exhibit 7. Fiscal Year 2011-12 to 2016-17 Secured & Unsecured Delinquencies**

**Porterville Redevelopment Project No. 1**

FY	Paid	Open	Total	% Delinquencies
2011-12	\$ 864,723	\$ 36,079	\$ 900,803	4.01%
2012-13	1,005,508	40,908	1,046,416	3.91%
2013-14	1,021,514	27,577	1,049,092	2.63%
2014-15	1,064,312	31,651	1,095,962	2.89%
2015-16	1,266,483	34,637	1,301,120	2.66%

Note: Based on secured and unsecured taxes due for the current tax year. Does not include supplemental and prior year apportionments.

Source: Tulare County Auditor-Controller

**PROPOSITION 8 REDUCTIONS AND RESTORATIONS**

Proposition 13, now Article XIII A of the State Constitution, states that a property is to be assessed the lesser of current market value or its base value inflated according to the annually published inflationary adjustment described earlier. Proposition 8 is the mechanism by which the assessed value of a property may be temporarily reduced to reflect a market value that is below the property's Proposition 13 value. During the recession, the County Assessor pro-actively reduced vast numbers of properties to reflect the drop in market value many experienced. In 2011-12, the Project Area had 884 properties that had been given a "Proposition 8" value reduction. At that time, the countywide reduction represented about \$36.4 million in assessed value. Since that time, many property values have been either partially or completely restored by the County Assessor to their "Proposition 13" value, or their base plus annual inflation. In January 2016, the Project Area still had 342 properties that had at least a partial Proposition 8 reduction still in place, which represented a reduction of about \$14.2 million in assessed value. In other words, almost 60 percent of the assessed values that were reduced since 2011-12 have been restored. A total of \$823,674 in property values was recovered by the County Assessor on 110 parcels in 2016-17. The projections do not assume any future restoration to remain conservative.

**TAXING AGENCY PAYMENTS**

The HSC recognizes three types of pass throughs to affected taxing agencies: negotiated agreements (former HSC Section 33401) for project areas formed after 1983 and prior to January 1, 1994; inflationary pass throughs (HSC Section 33676), applicable to project areas formed prior to January 1, 1994; and statutory pass through agreements (HSC Sections 33607.5 and 33607.7), applicable to project areas formed on or after January 1, 1994 as well as project areas where certain amendments have been made to the redevelopment plan after January 1, 1994.

The Project Area was formed prior to 1994. As such, the Agency entered into an agreement with several affected County taxing agencies. These entities are identified in Exhibit 8 and a summary of the terms of the agreement is also provided. The agreement with the County agencies cannot be subordinated to bonded indebtedness incurred after the date of the agreement, May 8, 1990.

**Exhibit 8. Pass Through Agreement Summary**

**Porterville Redevelopment Project No. 1**

Taxing Entity	Areas Covered	Terms
Tulare County, Flood Control, Air Pollution District, County Free Library (1989 Agreement)	Original	Beginning in 2000-01, District share of adjusted incremental assessed value (limited to 7 percent annual growth from 1989-90 base year)

*Source: Taxing Agency Agreements*

**Inflationary Pass Throughs and the Santa Ana Unified School District Decision**

Pursuant to the Court of Appeals decision in Santa Ana Unified School District vs. Orange County Development Agency, school and community college districts are automatically entitled to payments derived by increasing the base year value of taxable real property in the project area by an inflationary factor of not greater than two percent per year (the “2 Percent Allocation”) from redevelopment project areas adopted between January 1, 1985 and December 31, 1993. The 2 Percent Allocation payments are the school districts’ percentage share of the inflationary revenues that may not exceed 2% per year pursuant to Proposition 13. Several districts, including the Porterville Union High School District, the Porterville Elementary School District, the Tulare County School Service Fund, the Porterville Memorial District, the Porterville Public Cemetery District, the County Air Pollution Control District, the County Flood Control District, the County Free Library, and the County had already elected to receive inflationary pass throughs. The County began withholding those 2% allocation payments for the Kern Community College District as a result of the Santa Ana Unified School District decision.

**AB 1290 Statutory Pass Through Payments**

Because the Amendment 2010 Area was added after AB 1290 went into effect in 1994, the taxing agency payments are made pursuant to HSC Section 33607.5 (“Statutory Payments”). The Original Area was amended in 2004 triggering statutory pass throughs for all entities without a negotiated agreement. This includes entities that elected to receive inflationary pass throughs, therefore they receive both inflationary and statutory pass through payments in the Original Area.

**2014 County Settlement Agreement**

In 2014, the City of Porterville and County of Tulare entered into a Settlement Agreement to resolve two separate cases related to the adoption of the 2010 Amendment and the County’s updated General Plan, respectively. The Settlement Agreement requires that the City reimburse the County for any diverted pass through payments from the 2010 Amendment Area. The Settlement Agreement does not define the term pass through as either a Statutory Payment nor as a full share payment<sup>3</sup> but does not prohibit the use of RPTTF monies for use to repay debt. The Settlement Agreement does allow new obligations to be lawfully entered into, and states the City is not required to pay or reimburse the County entities for the RPTTF used to fund the new obligation. At this time, the County Auditor Controller treats all pass throughs in the Amendment 2010 Area as a Statutory Payment pursuant to HSC Section 33607.5, and the Revenue Projections included in this FCR reflect the County Auditor Controller’s methodology.

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<sup>3</sup> In 2016-17, total tax increment for the Amendment 2010 Area is expected to be about \$214,600; at 17.1%, the County’s general levy full share would be about \$36,700.

### LOW AND MODERATE INCOME HOUSING FUND DEPOSITS

Dissolution Law no longer requires that the Agency deposit 20% of the tax increment received by into a Low and Moderate Income Housing Fund. As such, all tax increment revenues net of County and State administrative charges and taxing agency pass through payments are available to fund repayment of debt.

### ASSESSMENT APPEALS

Property owners who believe that their taxable valuation is above a property's market valuation may file a "Decline-in-Value" application. Historical information regarding assessment appeals for the Project Area was collected from the Tulare County Clerk of the Board and tabulated in Exhibit 9. Although care has been taken to ensure the accuracy, completeness, and reliability of the analysis provided, the appeals analysis may be flawed as a result of imperfect data. The information provided to complete the appeals analysis originates from a 30-year-old database, developed in-house by County staff. In particular, RSG noted the status of some board action determinations were in conflict with board values reflected in the data. The following information provides insight on how discrepancies in the data were interpreted.

Representatives from the Tulare County Office of the Appraiser provided guidance as to how to interpret conflicting data and categorizing the appeals as stipulated, denied, or pending. Appeals with a reduction granted were deemed stipulated, while appeals showing no reduction were considered either pending or denied. To determine whether a non-stipulated appeal was pending or denied, any appeal with a status of New Appeal, Ready to Schedule Hearing, or Hearing Date Set were classified as pending whereas appeals with a Completed and Closed status were considered denied.

Multiple appeals for the same parcel filed in the same year were interpreted as escape assessment, except in cases where personal property and fixed property appeals were filed separately for the same parcel. An escape assessment is a retroactive correction to a property's assessed value on the local property tax roll. The most common reasons for an escape assessment are overlooked or unreported new construction, a missed change of ownership, or the removal of an exemption. For the purpose of this report, escape assessments for the same parcel in the same fiscal year were counted as one appeal and reflects the most current assessed value.

As shown in Exhibit 9, \$39,814,536 of assessed value is currently pending appeal. Based on an historical average reduction of 13%, a loss of \$5,175,890 in assessed value has been incorporated into the tax increment projections.

FISCAL CONSULTANT REPORT  
SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY

**Exhibit 9. Assessment Appeal History**

**Porterville Redevelopment Project No. 1**

Fiscal Year	Stipulated/ Reduced	Withdrawn/ Denied/No Change/ Invalid	Pending	Total	AV of All Appeals (Portion of Project Area)	Requested Reductions (Portion of Project Area)	Granted Reductions <sup>1</sup> (Portion of Project Area)	Average Granted Reduction	Pending Reductions <sup>2</sup> (Portion of Project Area)	Total Project Area Value
2015-16	5	0	11	16	85,928,426 15.31%	38,334,435 6.83%	1,383,425 0.25%	276,685	36,339,099 6.48%	\$561,172,502
2014-15	3	5	1	9	42,162,228 7.86%	10,012,341 1.87%	756,625 0.14%	252,208	3,475,437 0.65%	\$536,157,571
2013-14	3	3	0	6	15,867,381 3.02%	4,199,164 0.80%	317,264 0.06%	105,755	- 0.00%	\$524,727,352
2012-13	11	8	0	19	11,313,792 2.16%	4,441,190 0.85%	1,234,467 0.24%	112,224	- 0.00%	\$523,108,136
2011-12	6	4	0	10	8,126,621 1.60%	2,250,970 0.44%	3,719,677 0.73%	619,946	- 0.00%	\$507,872,665
	28	20	12	60		\$59,238,100	\$7,411,458	\$264,695	\$39,814,536	

Historical Rate of Stipulated/Reduced Appeals 47%

Average Granted Reduction as Percentage of Requested Reduction<sup>3</sup> 13%

<sup>1</sup> Assumed reduction was granted if board value is less than roll value, regardless of status.

<sup>2</sup> Pending appeals are those with a status of 'New Appeal', a board action of 'NULL', and board value of zero.

<sup>3</sup> Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: Tulare County Clerk of the Board; Tulare County Assessor

Note: Extreme care was taken with the information provided by the County and County staff to accurately represent appeals; however, RSG noted a series of flaws in the data provided as described in the report. The values included here are based on the best information available.

### **Top 10 Taxpayer Assessment Appeals**

Three of the top ten overall taxpayers have pending appeals filed in the last two fiscal years, summarized in Exhibit 10.

Walmart Stores, Inc., the top taxpayer in the Project Area, has four appeals pending, requesting a total reduction of \$32,992,967 in assessed value. Walmart Stores, Inc., is an international retailer that owns and operates a Walmart distribution facility located at 1300 S 'F' Street. Walmart has been seeking to open up a Superstore nearby, and in the Project Area, which has been delayed due to California Environmental Quality Act challenges. According to company statements made to the City Council in June 2016, Walmart remains committed to building the store. Walmart has a long history in Porterville. Its Distribution Center opened in 1991, and they recently celebrated their 25<sup>th</sup> anniversary of being in Porterville. The Distribution Center currently serves over 100 stores in California and Hawaii, and is consistently ranked as the most productive logistics facility, moving the most freight in the United States for Walmart. Their employment levels have been consistent. currently at 1,300 employees. Walmart has also continued to upgrade their facility, recently applying for a building permit to expand by about 10,000 square feet. No increases in assessed value for the expansion nor the proposed Superstore project were incorporated into the revenue projections.

Beckman Coulter, Inc., the second overall taxpayer, also has one pending appeal, and is requesting a \$3,802,940 reduction in assessed value. Beckman Coulter, Inc. is a biomedical manufacturer located at 167 W Poplar Avenue.

The Walgreens Company, ranked fourth, had three pending appeals requesting a total reduction of \$2,406,416. The Walgreen Company is a pharmaceutical retailer that owns and operates the Walgreens Pharmacy at 416 W Olive Avenue.

Although the historical average reduction of assessment appeals in the last five years is 13%, if 100% of top ten taxpayer appeals were successful, the debt service coverage ratio (at 0% growth in assessed value) is projected range from 1.4 to 1.6 over the next ten years, and range from 1.0 to 1.4 through FY 2039-40 in a worst case scenario.

FISCAL CONSULTANT REPORT  
SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY

**Exhibit 10. Appeals for Top 10 Taxpayers**

**Porterville Redevelopment Project No. 1**

Rank	Taxpayers	2015-16			2014-15		Total Requested Reduction Value <sup>1</sup> (2014-15 & 2015-16 AV	Total Requested Reduction as Portion of Taxpayer's 2015-16 AV		
		Stipulated / Reduced	Withdrawn / Denied	Appeals Pending Decision	Requested Reduction Value <sup>1</sup>	Appeals Pending Decision		Requested Reduction Value <sup>1</sup>	Taxpayer's 2015-16 AV	of Taxpayer's 2015-16 AV
1	Walmart Stores, Inc.			3	\$29,517,530	1	\$3,475,437	\$32,992,967	\$67,047,545	49%
2	Beckman Coulter, Inc.			1	\$3,802,940			\$3,802,940	\$11,477,244	33%
3	Royalty Carpet Mills, Inc.								\$10,644,054	0%
4	Walgreen Company			3	\$2,406,416			\$2,406,416	\$8,079,793	30%
5	3-W, Inc.								\$7,240,725	0%
6	Citizens Business Bank								\$6,443,940	0%
7	ESA Project Company LLC								\$5,288,170	0%
8	Store Capital Acquisitions LLC								\$4,600,846	0%
9	PV Storage LLC								\$4,533,700	0%
10	Bank of the Sierra								\$4,164,018	0%
<b>Total</b>					<b>\$35,726,886</b>		<b>\$3,475,437</b>	<b>\$39,202,323</b>	<b>\$129,520,035</b>	<b>30%</b>

<sup>1</sup> Difference of Applicant Opinion Value from Assessor Roll Value

Source: Tulare County Clerk of the Board, Tulare County Auditor-Controller

FISCAL CONSULTANT REPORT  
SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY

TAX INCREMENT REVENUE PROJECTIONS

Exhibit 11 summarizes the projected tax revenues for the Project Area based upon the assumptions described in this Report.

**Exhibit 11. Projected Tax Revenues and Estimated Net Revenues for Debt Service**

**Porterville Redevelopment Project No. 1**

Bond Year	Fiscal Year	Total Gross Tax Increment	County Administrative Fees	Negotiated Pass Throughs	Inflationary Pass Throughs	Statutory Pass Throughs	Net Tax Increment Available	Estimated Debt Service			Coverage Ratio
								Series A (Tax Exempt)	Series B (Taxable)	Consolidated (Series A&B)	
1	2016-17	1,361,399	34,580	89,277	168,980	42,925	1,025,637	315,044	186,295	501,339	2.0
2	2017-18	1,361,399	34,580	89,277	175,905	42,925	1,018,713	279,680	146,558	426,238	2.4
3	2018-19	1,361,399	34,580	89,277	185,125	42,925	1,009,492	276,680	145,470	422,150	2.4
4	2019-20	1,361,399	34,580	89,277	194,530	42,925	1,000,087	272,180	144,233	416,413	2.4
5	2020-21	1,361,399	34,580	89,277	204,123	42,925	990,495	272,680	147,808	420,488	2.4
6	2021-22	1,361,399	34,580	89,277	213,907	42,925	980,710	278,030	141,128	419,158	2.3
7	2022-23	1,361,399	34,580	89,277	223,888	42,925	970,730	278,080	149,403	427,483	2.3
8	2023-24	1,361,399	34,580	89,277	234,068	42,925	960,550	272,980	142,278	415,258	2.3
9	2024-25	1,361,399	34,580	89,277	244,451	42,925	950,166	276,180	145,198	421,378	2.3
10	2025-26	1,361,399	34,580	89,277	255,042	42,925	939,575	273,980	142,903	416,883	2.3
11	2026-27	1,361,399	34,580	89,277	265,845	42,925	928,772	271,580	145,438	417,018	2.2
12	2027-28	1,361,399	34,580	89,277	276,865	42,925	917,753	267,780	147,648	415,428	2.2
13	2028-29	1,361,399	34,580	89,277	288,104	42,925	906,513	273,505	144,608	418,113	2.2
14	2029-30	1,361,399	34,580	89,277	299,568	42,925	895,049	269,005	146,473	415,478	2.2
15	2030-31	1,361,399	34,580	89,277	311,262	42,925	883,355	274,505	143,073	417,578	2.1
16	2031-32	1,361,399	34,580	89,277	323,189	42,925	871,428	269,518	144,473	413,990	2.1
17	2032-33	1,361,399	34,580	89,277	335,355	42,925	859,262	274,268	145,588	419,855	2.0
18	2033-34	1,361,399	34,580	89,277	347,765	42,925	846,852	268,768	142,013	410,780	2.1
19	2034-35	1,361,399	34,580	89,277	360,422	42,925	834,195	267,938	148,438	416,375	2.0
20	2035-36	1,361,399	34,580	89,277	373,333	42,925	821,284	266,750	149,538	416,288	2.0
21	2036-37	1,361,399	34,580	89,277	386,502	42,925	808,115	264,850	145,475	410,325	2.0
22	2037-38	1,361,399	34,580	89,277	399,934	42,925	794,683	267,800	145,600	413,400	1.9
23	2038-39	1,361,399	34,580	89,277	413,635	42,925	780,982	270,450	145,530	415,980	1.9
24	2039-40	1,361,399	34,580	89,277	427,610	42,925	767,007	267,800	140,265	408,065	1.9
Total		\$ 32,673,565	\$ 829,909	\$ 2,142,656	\$ 6,909,407	\$ 1,030,188	\$ 21,761,406	\$ 6,570,029	\$ 3,525,425	\$ 10,095,454	

Sources: County Auditor Controller reports, County Assessment Roll 2016-17, Taxing Agency Agreements, RSG. Estimated debt service provided by Wulff, Hansen, and Co. on 8/27/2016

SUCCESSOR AGENCY RESOLUTION NO. 2016-\_\_\_\_\_

RESOLUTION OF THE SUCCESSOR AGENCY OF THE PORTERVILLE  
REDEVELOPMENT AGENCY APPROVING THE FORM AND AUTHORIZING  
DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND APPROVING THE  
FORM AND AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT  
IN CONNECTION WITH THE OFFERING AND SALE OF TAX ALLOCATION BONDS TO  
REFINANCE REDEVELOPMENT ACTIVITIES WITHIN AND FOR THE BENEFIT OF  
THE PORTERVILLE REDEVELOPMENT PROJECT OF THE FORMER PORTERVILLE  
REDEVELOPMENT AGENCY AND APPROVING RELATED DOCUMENTS AND  
ACTIONS

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 Porterville Redevelopment Agency (the “Former Agency”) has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to section 34173, and the Successor Agency to the Former Porterville Redevelopment Agency (the “Successor Agency”) has become the successor entity to the Former Agency;

WHEREAS, a redevelopment plan for the Former Agency’s Porterville Redevelopment Project No. 1 in the City of Porterville (the “City”) has been adopted in compliance with all requirements of the Code (the “Redevelopment Project”);

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued the following obligations:

(a) \$4,565,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series A (Redevelopment Projects) (the “2008A Bonds”), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$3,925,000 principal amount remains outstanding,

(b) \$2,110,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series B (Redevelopment Projects) (the “2008B Bonds”), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$1,885,000 principal amount remains outstanding,

(c) \$1,160,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series C (Housing Projects) (the “2008C Bonds”), to refinance low and moderate income housing activities within the City, of which \$965,000 principal amount remains outstanding, and

(d) \$640,000 Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series D (Housing Projects) (the “2008D Bonds” and, with the 2008A Bonds, the 2008B Bonds and the 2008C Bonds,

the “Former Agency Obligations”), to refinance low and moderate income housing activities within the City, of which \$575,000 principal amount remains outstanding;

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

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its tax allocation refunding bonds (the “Refunding Bonds”), the Successor Agency has caused its municipal advisor, Wulff Hansen & Co., 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 all or a portion of the Former Agency Obligations (the “Debt Service Savings Analysis”);

WHEREAS, the Debt Service Savings Analysis has demonstrated that a refunding of all or a portion of the Former Agency Obligations will satisfy the Savings Parameters;

WHEREAS, the Successor Agency has determined to issue its Successor Agency of the Porterville Redevelopment Agency (Tulare County, California) Tax Allocation Refunding Bonds, Series 2016A, to refund the 2008A Bonds and the 2008C Bonds (the “2016A Bonds”), pursuant to an indenture of trust, by and between the Successor Agency and U.S. Bank National Association, as trustee, and its Successor Agency of the Porterville Redevelopment Agency (Tulare County, California) Taxable Tax Allocation Refunding Bonds, Series 2016B, to refund the 2008B Bonds and the 2008D Bonds (the “2016B Bonds” and, with the 2016A Bonds, the “Bonds”), pursuant to the Indenture;

WHEREAS, the Successor Agency adopted its Resolution No. 2016-05 on June 7, 2016, authorizing issuance of the Bonds and approving the form and authorizing execution of the various documents prepared in connection therewith;

WHEREAS, the Oversight Board to the Successor Agency adopted its Resolution No. 2016-05 on June 16, 2016, approving the issuance of the Bonds by the Successor Agency; and

WHEREAS, a bond purchase agreement and a preliminary official statement to be used in connection with the offering and sale of the Bonds has been prepared and it is appropriate at this time for the Successor Agency to approve the forms thereof and the distribution of such preliminary official statement to prospective purchasers of the Bonds.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY DOES RESOLVE AS FOLLOWS:

SECTION 1. Approval of Bond Purchase Agreement. The Successor Agency hereby authorizes the sale of the Bonds to Gates Capital Corporation (the “Underwriter”), so long as the Underwriter’s discount, excluding original issue discount which does not constitute compensation

to the Underwriter, does not exceed 1.1% with respect to the 2016A Bonds and not to exceed 1.2% with respect to the 2016B Bonds. The Successor Agency hereby approves the bond purchase agreement, by and between the Underwriter and the Successor Agency, in the form on file with the Successor Agency Secretary (the “Bond Purchase Agreement”), together with such additions thereto and changes therein as the Chair, the Vice Chair, the Secretary or the Executive Director (the “Authorized Officers”) shall deem necessary, desirable or appropriate, and the execution thereof by a Authorized Officer shall be conclusive evidence of the approval of any such additions and changes. The Authorized Officers are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest to, the final form of the Bond Purchase Agreement for and in the name and on behalf of the Successor Agency.

SECTION 2. Approval of Preliminary Official Statement. The Successor Agency hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, a preliminary official statement describing the Bonds in the form on file with the Secretary (the “Preliminary Official Statement”). Distribution of the Preliminary Official Statement by the Underwriter to prospective purchasers of the Bonds is hereby approved. The Authorized Officers are hereby authorized to execute the final form of an official statement, including as it may be modified by such additions thereto and changes therein as a Authorized Officer shall deem necessary, desirable or appropriate (the “Final Official Statement”), and the execution of the Final Official Statement by a Authorized Officer shall be conclusive evidence of the approval of any such additions and changes. The Successor Agency hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the Successor Agency by a Authorized Officer.

SECTION 3. Official Actions. The Chair, the Vice Chair, the Executive Director, the Secretary, and any and all other officers of the Successor Agency, are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds. Whenever in this resolution any officer of the Successor Agency is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person Authorized by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

SECTION 4. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

SECTION 5. Certification. The Secretary shall certify to the passage and adoption hereof.

PASSED, APPROVED AND ADOPTED this 18<sup>th</sup> day of October, 2016.

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Milt Stowe, Chairman

ATTEST:  
John D. Lollis, Secretary

BY \_\_\_\_\_  
Patrice Hildreth, Chief Deputy Secretary



\$ \_\_\_\_\_ \*

**SUCCESSOR AGENCY TO THE  
PORTERVILLE REDEVELOPMENT AGENCY  
(Tulare County, California)  
Tax Allocation Refunding Bonds, Series 2016A**

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$ \_\_\_\_\_ **Serial Bonds**

CUSIP<sup>†</sup> Prefix: \_\_\_\_\_

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP <sup>†</sup> Suffix

\$ \_\_\_\_\_ % **Term Bonds** maturing June 1, \_\_\_\_\_, **Price:** \_\_\_\_\_, **to yield** \_\_\_\_\_%—CUSIP<sup>†</sup> \_\_\_\_\_

\$ \_\_\_\_\_ \*

**SUCCESSOR AGENCY TO THE  
PORTERVILLE REDEVELOPMENT AGENCY  
(Tulare County, California)  
Tax Allocation Refunding Bonds, Series 2016A**

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$ \_\_\_\_\_ **Serial Bonds**

CUSIP<sup>†</sup> Prefix: \_\_\_\_\_

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP <sup>†</sup> Suffix

\$ \_\_\_\_\_ % **Term Bonds** maturing June 1, \_\_\_\_\_, **Price:** \_\_\_\_\_, **to yield** \_\_\_\_\_%—CUSIP<sup>†</sup> \_\_\_\_\_

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## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION .....	1	Successor Agency Powers .....	31
Authority and Purpose .....	1	Status of Compliance with Dissolution Act .....	31
The City, the Former Agency and the Successor Agency ..	2	Plan Limits .....	32
The Redevelopment Project .....	3	THE REDEVELOPMENT PROJECT .....	32
Tax Increment Financing .....	3	Land Use .....	33
Authority to Issue Refunding Bonds .....	4	Historical Assessed Values .....	33
Security for the Bonds .....	4	Largest Taxpayers .....	35
Municipal Bond Insurance Policies; Reserve Account		Historical Tax Revenues .....	36
Insurance Policy .....	5	Assessment Appeals .....	36
Limited Obligation .....	5	Residential Real Estate Values .....	37
Parity Debt .....	5	New Development and Transfers of Ownership .....	37
Professionals Involved in the Offering .....	6	Historical RPTTF Deposits .....	38
Further Information .....	6	Projected Available Tax Revenues and Estimated Debt	
REFUNDING PLAN .....	6	Service Coverage .....	38
Refunding of the Prior Bonds .....	6	RISK FACTORS .....	42
Estimated Sources and Uses of Funds .....	8	Recognized Obligation Payment Schedule .....	42
Debt Service Schedule .....	9	Challenges to Dissolution Act .....	43
THE BONDS .....	9	Reduction in Taxable Value .....	44
Authority for Issuance .....	9	Limitations on Remedies .....	44
Description of the Bonds .....	10	Risks to Real Estate Market .....	45
Redemption .....	10	Concentration of Property Ownership .....	45
THE DISSOLUTION ACT .....	13	Reduction in Inflationary Rate .....	45
Recognized Obligation Payment Schedules .....	14	Development Risks .....	46
SECURITY FOR THE BONDS .....	16	Future Land Use Regulations and Growth Control	
Pledge Under the Indenture .....	16	Initiatives .....	46
Tax Revenues .....	17	Assessment Appeals .....	46
Flow of Funds Under the Indenture .....	18	Levy and Collection of Taxes .....	47
Limited Obligation .....	21	Bankruptcy and Foreclosure .....	47
County Administrative Fees .....	22	Estimated Revenues .....	47
Pass-Through Payments .....	22	Earthquake, Fire and Other Risks .....	48
No Developer Agreements .....	24	Hazardous Substances .....	48
Parity Debt .....	24	Changes in the Law .....	48
MUNICIPAL BOND INSURANCE .....	24	Loss of Tax-Exemption .....	49
PROPERTY TAXATION IN CALIFORNIA .....	24	Secondary Market .....	49
Property Tax Collection Procedures .....	24	TAX MATTERS .....	49
Unitary Property .....	26	Underwriting .....	52
Article XIII A of the State Constitution .....	27	MUNICIPAL ADVISOR .....	52
Appropriations Limitation—Article XIII B .....	28	LEGAL OPINIONS .....	52
Proposition 87 .....	29	LITIGATION .....	53
Appeals of Assessed Values .....	29	RATING .....	53
Proposition 8 .....	29	CONTINUING DISCLOSURE .....	53
Propositions 218 and 26 .....	30	AUDITED FINANCIAL STATEMENTS .....	53
Future Initiatives .....	30	MISCELLANEOUS .....	54
THE SUCCESSOR AGENCY TO THE PORTERVILLE			
REDEVELOPMENT AGENCY .....	31		
APPENDIX A	-	SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	
APPENDIX B	-	FORMS OF OPINIONS OF BOND COUNSEL	
APPENDIX C	-	BOOK-ENTRY ONLY SYSTEM	
APPENDIX D	-	FORMS OF CONTINUING DISCLOSURE CERTIFICATES	
APPENDIX E	-	THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PORTERVILLE FOR THE FISCAL	
		YEAR ENDED JUNE 30, 2015	
APPENDIX F	-	CITY OF PORTERVILLE AND TULARE COUNTY SUPPLEMENTAL INFORMATION	
APPENDIX G	-	FISCAL CONSULTANT'S REPORT	
APPENDIX H	-	SPECIMEN MUNICIPAL BOND INSURANCE POLICY	

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

*For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12”), this Preliminary Official Statement constitutes an “official statement” of the Successor Agency with respect to the Bonds that has been deemed “final” by the Successor Agency as of its date except for the omission of no more than the information permitted by Rule 15c2-12.*

*No Offering May Be Made Except by this Official Statement.* No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Successor Agency.

*No Unlawful Offers or Solicitations.* This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

*Effective Date.* This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Redevelopment Project since the date of this Official Statement.

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

*Preparation of this Official Statement.* The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

*Document References and Summaries.* All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

*Stabilization of and Changes to Offering Prices.* The Underwriter may over-allot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

*Bonds are Exempt from Securities Laws Registration.* The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under section 3(a)(2) of the Securities Act of 1933 and section 3(a)(12) of the Securities Exchange Act of 1934.

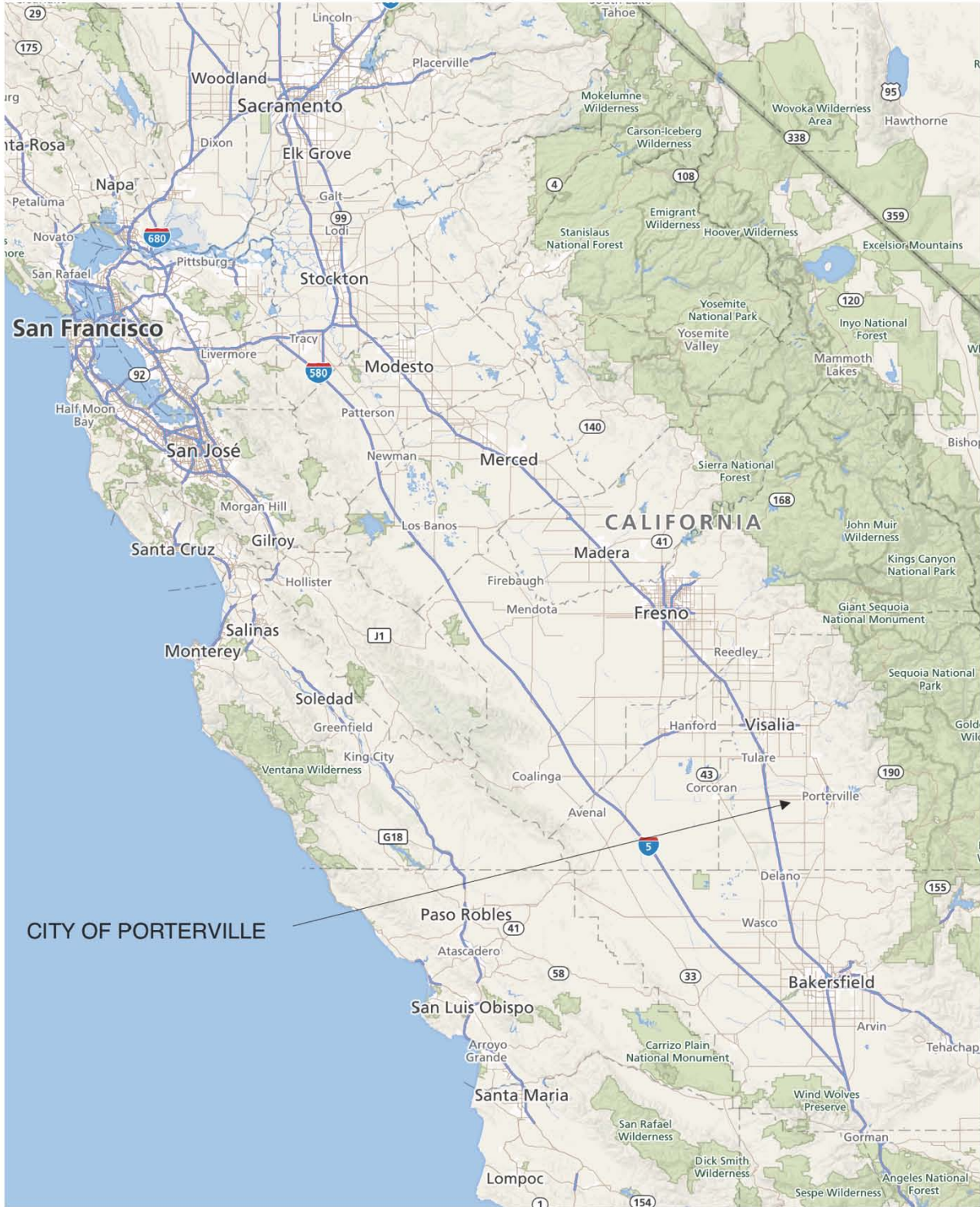
*Estimates and Projections.* Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, section 21E of the United States Securities Exchange Act of 1934, as amended, and section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

*Municipal Bond Insurance.* \_\_\_\_\_ (the “Municipal Bond Insurer”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Municipal Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Municipal Bond Insurer supplied by the Municipal Bond Insurer and presented under the heading “MUNICIPAL BOND INSURANCE” and “APPENDIX H—SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

*Website.* The City of Porterville maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

# LOCATION MAP - CITY OF PORTERVILLE



**SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY**

291 North Main Street  
Porterville, CA 93257  
(559)782-7499  
<http://www.ci.porterville.ca.us>

**SUCCESSOR AGENCY BOARD**

Milt Stowe, *Chair/Mayor*  
Cameron J. Hamilton, *Vice Chair/Vice Mayor*  
Virginia R. Gurrola, *Board Member/Council Member*  
A. Monte Reyes, *Board Member/Council Member*  
Brian Ward, *Board Member/Council Member*

**CITY/SUCCESSOR AGENCY TOFICIALS**

John D. Lollis, *City Manager and City Clerk/Executive Director and Secretary*  
Maria Bemis, *Finance Director/Treasurer*  
Jenni Byers, *Community Development Director*  
Stradling Yocca Carlson & Rauth, a Professional Corporation, *Agency Counsel*

**SPECIAL SERVICES**

**Municipal Advisor**  
Wulff Hansen & Co.  
San Francisco, California

**Bond Counsel and Disclosure Counsel**

Quint & Thimmig LLP  
Larkspur, California

**Fiscal Consultant**

RSG, Inc.  
Santa Ana, California

**Trustee and Escrow Bank**

U.S. Bank National Association  
Los Angeles, California

## OFFICIAL STATEMENT

\$ \_\_\_\_\_ \*

**SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY  
(Tulare County, California)  
Tax Allocation Refunding Bonds, Series 2016A**

\$ \_\_\_\_\_ \*

**SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY  
(Tulare County, California)  
Taxable Tax Allocation Refunding Bonds, Series 2016B**

### INTRODUCTION

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Porterville Redevelopment Agency (the “Successor Agency”) of its \$ \_\_\_\_\_ \* Successor Agency to the Porterville Redevelopment Agency (Tulare County, California) Tax Allocation Refunding Bonds, Series 2016A (the “Series A Bonds”), and its \$ \_\_\_\_\_ \* Successor Agency to the Porterville Redevelopment Agency (Tulare County, California) Taxable Tax Allocation Refunding Bonds, Series 2016B (the “Series B Bonds” and, with the Series A Bonds, the “Bonds”).

#### **Authority and Purpose**

The Successor Agency is issuing the Bonds pursuant to authority granted by the Constitution of the State of California, section 34177.5(a)(1) of the Health & Safety Code of the State of California, Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Refunding Law”) and an Indenture of Trust, dated as of November 1, 2016 (the “Indenture”) by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”). See “THE BONDS—Authority for Issuance.”

The Successor Agency is issuing the Series A Bonds to refund (a) the Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series A (Redevelopment Projects) (the “2008A Bonds”), issued to refinance redevelopment activities within and for the benefit of the Porterville Redevelopment Project No. 1 (the “Redevelopment Project”), of which \$3,925,000 principal amount remains outstanding, and (b) the Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series C (Housing Projects) (the “2008C Bonds”), issued to refinance low and moderate income housing activities within the City of Porterville, of which \$995,000 principal amount remains outstanding.

The Successor Agency is issuing the Series B Bonds to refund (a) the Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series B (Redevelopment Projects) (the “2008B Bonds”), issued to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$1,885,000 principal amount remains outstanding, and (b) the Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series

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\* Preliminary, subject to change.

D (Housing Projects) (the “2008D Bonds” and, with the 2008A Bonds, the 2008B Bonds and the 2008C Bonds, the “Prior Bonds”), issued to refinance low and moderate income housing activities within the City, of which \$575,000 principal amount remains outstanding.

The proceeds of the Bonds will be applied to refund the Prior Bonds, to purchase a reserve fund municipal bond insurance policy in lieu of cash funding a reserve fund for the Bonds and provide for the costs of issuing the Bonds.

### **The City, the Former Agency and the Successor Agency**

*City.* The City is located approximately 168 miles north of the City of Los Angeles, in Tulare County (the “County”). The City operates under the City Charter approved by the local voters in 1926 and with a council-manager form of government. The five city council members are elected to four-year terms in alternate slates of three and two every two years. The City encompasses an area of approximately 14.2 square miles and the 2016 population of the City is estimated to be 60,070. The City Council appoints a City Manager, who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. The City has a staff of approximately \_\_\_ full-time and \_\_\_ part-time employees, under the direction of the City Manager. For certain information with respect to the City, see APPENDIX F—CITY OF PORTERVILLE AND TULARE COUNTY SUPPLEMENTAL INFORMATION.

*Former Agency.* The Porterville Redevelopment Agency (the “Former Agency”), was established pursuant to the Redevelopment Law and Ordinance No. 1227 adopted on February 17, 1981, by the City Council. The City Council was the governing board of the Former Agency.

*Dissolution Act.* On June 29, 2011, Assembly Bill No. 26 (“AB 1X 26”) was enacted together with a companion bill, Assembly Bill No. 27 (“AB 1X 27”). The provisions of AB 1X 26 provided for the dissolution of all redevelopment agencies statewide. The provisions of AB 1X 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (2011), challenging the constitutionality of AB 1X 26 and AB 1X 27. On December 19, 2011, in its decision in that lawsuit, the California Supreme Court largely upheld AB 1X 26, invalidated AB 1X 27, and held that AB 1X 26 may be severed from AB 1X 27 and enforced independently. As a result of AB 1X 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB 1X 26 relating to the dissolution and wind down of former redevelopment agency affairs are found in Parts 1.8 (commencing with section 34161) and 1.85 (commencing with section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012, and as further amended on September 22, 2015 by Senate Bill 107 (“SB 107”), enacted as Chapter 325, Statutes of 2015. The provisions of Part 1.85, as amended by AB 1484 and SB 107 and other amendments are referred to in this Official Statement as the “Dissolution Act.” The Redevelopment Law together with the Dissolution Act and the acts amendatory thereof and supplemental thereto are sometimes referred to in this Official Statement as, the “Law.”

*Successor Agency.* Pursuant to section 34173 of the Dissolution Act, the City Council of the City serves as the Successor Agency to the Former Agency. However, subdivision (g) of section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate legal entity from the City, that the two entities shall not merge and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City. See “THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY.”

### **The Redevelopment Project**

The Redevelopment Plan (the “Redevelopment Plan”) for the Redevelopment Project was approved by Ordinance No. 1436, adopted by the City Council and effective July 3, 1990. The Redevelopment Project area consists of approximately 445 acres (which represents approximately 16% of the land area of the City) and is comprised of a mix of residential, commercial and industrial land uses. The City Council found that conditions within the Redevelopment Project prior to adoption of the Plan met the statutory conditions of blight which must be found to exist as a prerequisite to initiation of redevelopment activities. These conditions included mixed and incompatible land uses, deteriorated housing, other nonconforming or underutilized properties, and inadequate public facilities. On July 7, 2004, the Redevelopment Plan was amended by Ordinance No. 1655 to remove approximately 26 acres (“Detachment Area”) from the Redevelopment Project. On July 6, 2010, the Redevelopment Plan was amended a third time by Ordinance No. 1765, to add 1,520 acres of territory (the “2010 Amendment”), reinstate eminent domain authority in the existing project area (“Original Area”), and modify the Redevelopment Plan’s projects and programs list for the Original Area.

In 2014, the City and the County entered into a settlement agreement to resolve two separate cases related to the adoption of the 2010 Amendment and the County’s updated General Plan, respectively (the “Settlement Agreement”). The Settlement Agreement requires that the City reimburse the County for any diverted pass through payments from the 2010 Amendment Area, but does not prohibit the use of RPTTF monies to repay debt. The Settlement Agreement permits the County to annually deduct a portion of the RPTTF deposit. To date, the County has not chosen to make such deduction. However, if the County does begin making such deduction, it is still projected that Tax Revenues would still be sufficient to pay debt service on the Bonds.

The total assessed valuation of taxable property in the Redevelopment Project in fiscal year 2016-17 is \$572,044,700, with \$141,121,172 of such amount representing incremental assessed value. See “THE REDEVELOPMENT PROJECT” and APPENDIX G—FISCAL CONSULTANT’S REPORT.

### **Tax Increment Financing**

Prior to the enactment of AB 1X 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

## **Authority to Issue Refunding Bonds**

The Dissolution Act authorizes each successor agency to issue refunding bonds secured by a pledge of, and lien on, and repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established and held by the County Auditor-Controller for the Successor Agency by the Dissolution Act (the “Redevelopment Property Tax Trust Fund”). Section 34177.5(a)(1) of the Dissolution Act authorizes the issuance of refunding bonds, to be secured by a pledge of moneys deposited from time to time in the applicable Redevelopment Property Tax Trust Fund to provide savings to the successor agency, 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 refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance.

## **Security for the Bonds**

The Bonds and any Parity Debt are limited obligations of the Successor Agency entitled to the benefits of the Indenture and are payable solely from and secured by Tax Revenues and moneys on deposit in the Debt Service Fund (including in the accounts and subaccounts therein), including but not limited to the Reserve Account. See “SECURITY FOR THE BONDS—Pledge Under the Indenture.”

The Dissolution Act requires the Tulare County Auditor-Controller (the “County Auditor-Controller”) to determine the amount of property taxes that would have been allocated to the Former Agency from the Redevelopment Project had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds or other indebtedness authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if the bonds or other indebtedness had been issued prior to effective date of AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules. See “THE DISSOLUTION ACT—Recognized Obligation Payment Schedules.”

The Dissolution Act further provides that bonds or other indebtedness authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Bonds, are taxes allocated to the Successor Agency pursuant to the provisions of the Redevelopment Law and the State Constitution.

Property tax revenues will be allocated to the Successor Agency on a semi-annual basis based on a Recognized Obligation Payment Schedule submitted by the Successor Agency to an oversight board established for the Successor Agency (the “Oversight Board”) and the California Department of Finance (the “DOF”). The County Auditor-Controller will distribute funds from the Redevelopment Property Tax Trust Fund for each six-month period in the order specified in the Dissolution Act. See “THE DISSOLUTION ACT—Recognized Obligation Payment Schedules.”

In accordance with the Dissolution Act, the term “Tax Revenues” is defined under the Indenture to mean the moneys deposited or available for deposit from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act, after payment of (a) County administrative fees pursuant to section 34183(a) of the Dissolution Act, and (b) all amounts due under the Statutory Pass-Through Payments and the Pass-Through Agreements (including any elections made pursuant to the former section 33676 of the Redevelopment Law) that have, by their terms, a senior lien on Tax Revenues. If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to section 33670 of the Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution.

The Settlement Agreement permits the County to annually deduct a portion of the RPTTF deposit. To date, the County has not chosen to make such deduction. If it determines to do so, Tax Revenues would also be net of such payments.

Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described above. See “RISK FACTORS.”

### **Municipal Bond Insurance Policies; Reserve Account Insurance Policy**

The scheduled payment of the principal and interest with respect to the Bonds when due will be guaranteed under a municipal bond insurance policy issued for each series of Bonds (collectively, the “Municipal Bond Insurance Policies”) to be issued by \_\_\_\_\_ (the “Municipal Bond Insurer”) simultaneously with the delivery of the Bonds. See “MUNICIPAL BOND INSURANCE.” In addition, the Municipal Bond Insurer has made a commitment to issue a municipal bond insurance policy for the Reserve Account (the “Reserve Account Insurance Policy”) in an amount equal to the Reserve Requirement for the Bonds. See “SECURITY FOR THE BONDS—Flow of Funds Under the Indenture.”

### **Limited Obligation**

The Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Tax Revenues and other funds. The Bonds, interest and premium, if any, are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency are liable thereon. The Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. No member, officer, agent, or employee of the Successor Agency, the Oversight Board, the County Board of Supervisors or any person executing the Bonds is liable personally on the Bonds by reason of their issuance.

### **Parity Debt**

The Indenture permits the issuance of Parity Debt under certain circumstances for refunding purposes only. Other than the Bonds, there will be no other outstanding obligations secured by the Tax Revenues. See “THE BONDS—Parity Debt.”

## **Professionals Involved in the Offering**

Wulff Hansen & Co., San Francisco, California (the “Municipal Advisor”), has served as municipal advisor to the Successor Agency and has advised the Successor Agency with respect to the financial structure of the refinancing and as to other financial aspects of the transaction. *Payment of the fees and expenses of the Municipal Advisor is contingent upon the sale and delivery of the Bonds.*

RSG, Inc., Santa Ana, California, has acted as fiscal consultant to the Successor Agency (the “Fiscal Consultant”) and advised the Successor Agency as to the taxable values and Tax Revenues projected to be available to pay debt service on the Bonds as referenced in this Official Statement. The report prepared by the Fiscal Consultant is referred to as the “Fiscal Consultant’s Report.” See APPENDIX G—FISCAL CONSULTANT’S REPORT.

U.S. Bank National Association, Los Angeles, California, will act as Trustee with respect to the Bonds.

All proceedings in connection with the issuance of the Bonds are subject to the approval of Quint & Thimmig LLP, Larkspur, California, Bond Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by Quint & Thimmig LLP as Disclosure Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California will render certain opinions on behalf of the Successor Agency as counsel to the Successor Agency. *Payment of the fees and expenses of Bond Counsel and Disclosure Counsel is contingent upon the sale and delivery of the Bonds.*

## **Further Information**

Brief descriptions of the Redevelopment Law, the Dissolution Act, the Refunding Law, the Bonds, the Indenture, the Successor Agency, the Former Agency, the Redevelopment Project, the County and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Redevelopment Law, the Dissolution Act, the Refunding Law, the Bonds, the Indenture, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Successor Agency, the County and the City are qualified in their entirety by reference to such documents and laws. References in this Official Statement to the Bonds are qualified in their entirety by the form included in the Indenture and by the provisions of the Indenture.

During the period of the offering of the Bonds, copies of the forms of all documents are available from the City of Porterville, 291 North Main Street, Porterville, CA 93257, Attention: Director of Finance/Treasurer, telephone (559) 782-7499. The City may impose a charge for copying, mailing and handling.

## **REFUNDING PLAN**

### **Refunding of the Prior Bonds**

A portion of the proceeds of the Bonds, together with amounts on deposit in the funds and accounts related to the Prior Bonds, will be deposited in an escrow fund (the “Escrow Fund”) under an escrow agreement, by and between the Successor Agency and U.S. Bank National Association, as escrow bank (the

“Escrow Bank”). All such amounts will be held in cash, uninvested. The moneys in the Escrow Fund will be used to redeem then outstanding Prior Bonds in full on December 14, 2016, at a redemption price equal to 100% of the principal amount thereof.

The 2008A Bonds to be refunded are shown in the following table:

Maturity Date	Amount Refunded	Interest Rate	Call Date	Call Price	CUSIP <sup>†</sup> Number
6/1/2017	\$ 85,000	4.700%	12/14/2016	100.000	73637P BA9
6/1/2018	90,000	4.850	12/14/2016	100.000	73637P BB7
6/1/2019	95,000	5.000	12/14/2016	100.000	73637P BC5
6/1/2020	95,000	5.150	12/14/2016	100.000	73637P BD3
6/1/2021	100,000	5.250	12/14/2016	100.000	73637P BE1
6/1/2022	110,000	5.350	12/14/2016	100.000	73637P BF8
6/1/2023	115,000	5.400	12/14/2016	100.000	73637P BG6
6/1/2024	120,000	5.500	12/14/2016	100.000	73637P BH4
6/1/2025	125,000	5.500	12/14/2016	100.000	73637P BJ0
6/1/2034	1,495,000	5.700	12/14/2016	100.000	73637P BK7
6/1/2040	1,495,000	5.850	12/14/2016	100.000	73637P BL5

The 2008B Bonds to be refunded are shown in the following table:

Maturity Date	Amount Refunded	Interest Rate	Call Date	Call Price	CUSIP <sup>†</sup> Number
6/1/2018	\$ 60,000	7.125%	12/14/2016	100.000	73637P BN1
6/1/2028	465,000	8.000	12/14/2016	100.000	73637P BP6
6/1/2040	1,360,000	8.500	12/14/2016	100.000	73637P BQ4

The 2008C Bonds to be refunded are shown in the following table:

Maturity Date	Amount Refunded	Interest Rate	Call Date	Call Price	CUSIP <sup>†</sup> Number
6/1/2017	\$ 20,000	4.700%	12/14/2016	100.000	73637P BZ4
6/1/2018	25,000	4.850	12/14/2016	100.000	73637P CA8
6/1/2019	25,000	5.000	12/14/2016	100.000	73637P CB6
6/1/2020	25,000	5.150	12/14/2016	100.000	73637P CC4
6/1/2021	25,000	5.250	12/14/2016	100.000	73637P CD2
6/1/2022	30,000	5.350	12/14/2016	100.000	73637P CE0
6/1/2023	30,000	5.400	12/14/2016	100.000	73637P CF7
6/1/2024	30,000	5.500	12/14/2016	100.000	73637P CG5
6/1/2025	35,000	5.500	12/14/2016	100.000	73637P CH3
6/1/2034	375,000	5.700	12/14/2016	100.000	73637P CJ9
6/1/2040	375,000	5.850	12/14/2016	100.000	73637P CK6

<sup>†</sup> Copyright 2016, American Bankers Association. CUSIP<sup>®</sup> is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the registered owners of the Bonds.

The 2008D Bonds to be refunded are shown in the following table:

Maturity Date	Amount Refunded	Interest Rate	Call Date	Call Price	CUSIP <sup>†</sup> Number
6/1/2018	\$ 20,000	7.125%	12/14/2016	100.000	73637P CM2
6/1/2028	140,000	8.000	12/14/2016	100.000	73637P CN0
6/1/2040	415,000	8.500	12/14/2016	100.000	73637P CP5

*The amounts held by the Escrow Bank in the Escrow Fund are pledged solely to the payment of amounts due and payable by the Successor Agency with respect to the Prior Bonds. The moneys deposited in the Escrow Fund will not be available for the payment of debt service with respect to the Bonds or any other obligations of the Successor Agency.*

### Estimated Sources and Uses of Funds

The estimated sources and uses of funds are summarized below.

Sources:	Series A Bonds	Series B Bonds	Total
Principal Amount of Bonds			
Plus: Original Issue Premium			
Plus: Prior Bonds Released Moneys			
<b>Total Sources</b>			
<b>Uses:</b>			
Deposit to Escrow Fund			
Costs of Issuance (1)			
<b>Total Uses</b>			

(1) Costs of Issuance include the Underwriter's discount, fees and expenses of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Fiscal Consultant, the Trustee, the City, the Successor Agency administrative staff, Successor Agency counsel, printing expenses, rating fees, the premiums for the Municipal Bond Insurance Policies and the Reserve Account Insurance Policy and other costs related to the issuance of the Bonds.

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**Debt Service Schedule**

The following table shows the annual debt service schedule for the Bonds, assuming no optional redemption of the Bonds.

Bond Year Ending Aug. 1	Series A Bonds			Series B Bonds			Total
	Principal (1)	Interest	Total	Principal (1)	Interest	Total	
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
<b>Total</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

(1) Includes mandatory sinking fund payments. See “THE BONDS—Redemption—Mandatory Sinking Fund Redemption.”

**THE BONDS**

**Authority for Issuance**

The issuance of the Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. 2016-05, adopted on June 7, 2016 (the “Successor Agency Resolution”), and approved by the Oversight Board for the Successor Agency pursuant to Resolution No. 2016-05, adopted on June 16, 2016 (the “Oversight Board Resolution”).

Section 34177.5 of the Dissolution Act provides that when, as here, a successor agency issues re-funding bonds with the approval of the oversight board and the DOF, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the Recognized Obligation Payment Schedule.

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF on July 15, 2016. On August 12, 2016, the DOF provided a letter to the Successor Agency stating

that based on the DOF's review and application of the law, the Oversight Board Resolution approving the Bonds is approved by the DOF.

## **Description of the Bonds**

The Bonds will be issued and delivered in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple thereof for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), as registered owner of all Bonds. The initially executed and delivered Bonds will be dated the date of delivery (the "Closing Date") and mature on June 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on June 1 and December 1 in each year, commencing on December 1, 2016, by check mailed to the registered owners thereof or upon the request of the Owners of \$1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which shall be designated in written instructions by such Owner to the Trustee on or before the close of business on the fifteenth (15<sup>th</sup>) calendar day of the month preceding each Interest Payments Date, whether or not such fifteenth (15<sup>th</sup>) calendar day of the month is a Business Day (the "Record Date") preceding the Interest Payment Date.

One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX C—BOOK-ENTRY ONLY SYSTEM.

## **Redemption**

### *Optional Redemption.*

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

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

### *Mandatory Sinking Fund Redemption.*

**Series A Bonds.** The Series A Bonds maturing on June 1, \_\_\_\_\_ (the "Series A Term Bonds"), are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, \_\_\_\_\_, and on each June 1 thereafter to and including June

1, \_\_\_\_\_, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the Series A Term Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Series A Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

Redemption Date (June 1)	Principal Amount
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† Maturity.

In lieu of such redemption, the Trustee may apply amounts in the Sinking Account to the purchase of Series A Term Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as may be directed by the Successor Agency, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Series A Term Bonds, as set forth in a Written Request of the Successor Agency.

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

Redemption Date (June 1)	Principal Amount
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† Maturity.

In lieu of such redemption, the Trustee may apply amounts in the Sinking Account to the purchase of Series B Term Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as may be directed by the Successor Agency, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Series B Term Bonds, as set forth in a Written Request of the Successor Agency.

*Notice of Redemption.* The Trustee on behalf of and at the expense of the Successor Agency will mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Successor Agency filed with the Trustee at the time the Successor Agency notifies the Trustee of its intention to redeem Bonds; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

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

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

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

*Selection of Bonds for Redemption.* Whenever provision is made in the Indenture for the redemption of Bonds and less than all Bonds then currently outstanding are called for redemption, the Trustee will

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

## THE DISSOLUTION ACT

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules."

The Dissolution Act further provides that bonds authorized by the Dissolution Act to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of section 33670 of the Redevelopment Law and section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of section 33670 of the Redevelopment Law and section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan, taxes levied upon taxable property in the Redevelopment Project each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective date of the ordinance approving the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory are to be divided as follows:

- (a) **To Taxing Agencies:** That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the Redevelopment Project, as applicable (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the applicable Redevelopment Plan, following the date of issuance of the Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

In addition, pursuant to section 34187 of the Dissolution Act, funds associated with retired enforceable obligations are required to be reallocated to taxing agencies as regular property taxes and not deposited into the Redevelopment Property Tax Trust Fund for the Successor Agency at all (however, section 34187(a)(2) of the Dissolution Act provides for retention of funds by the Successor Agency to the extent needed for payment of enforceable obligations upon authorization by the DOF).

### **Recognized Obligation Payment Schedules**

*Submission of Recognized Obligation Payment Schedule.* The Dissolution Act requires successor agencies to periodically prepare, and submit to the successor agency's oversight board and the DOF for approval, a recognized obligation payment schedule (the "Recognized Obligation Payment Schedule") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

Commencing on February 1, 2016, successor agencies were transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies are required to file Recognized Obligation Payment Schedules with the DOF and the County Auditor-Controller for approval on or before each February 1 for the July 1 through June 30 period immediately following such February 1. For example, on February 1, 2016, the Successor Agency was required to file a Recognized Obligation Payment Schedule for the period commencing July 1, 2016 through June 30, 2017.

In addition, commencing on September 22, 2015, successor agencies that have received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a "Last and Final" Recognized Obligation Payment Schedule. If approved by the DOF, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the DOF or the

Oversight Board. The county auditor-controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. The Successor Agency has no current plans to file a Last and Final Recognized Obligation Payment Schedule.

*Payment of Amounts Listed on the Recognized Obligation Payment Schedule.* As defined in the Dissolution Act, “enforceable obligation” includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency or the successor agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency or the successor agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency’s low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

*Sources of Payments for Enforceable Obligations.* Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance (successor agencies are entitled to receive not less than \$250,000, unless that amount is reduced by the oversight board), (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by a successor agency and only from the funds specified in the Recognized Obligation Payment Schedule.

*Order of Priority of Distributions from Redevelopment Property Tax Trust Fund.* Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, a county auditor-controller is to distribute funds for each six-month period in the following order specified in section 34183 of the Dissolution Act:

- (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act, if any (as described above under “SECURITY FOR THE BONDS—Statutory Pass-Through Payments” and “—Pass-Through Agreements with Taxing Agencies”) and no later than each January 2 and June 1, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations;

(ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

*Failure to Submit a Recognized Obligation Payment Schedule.* There are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board, the County Auditor-Controller and the DOF on or before each February 1 commencing February 1, 2016 (unless the Successor Agency submits and obtains approval from the DOF of a Last and Final Recognized Obligation Payment Schedule), then the Successor Agency will be subject to a \$10,000 per day civil penalty for every day the schedule is not submitted to the DOF. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules" for discussion regarding submission of Last and Final Recognized Obligation Payment Schedule. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the DOF within 10 days of the deadline, then the Successor Agency's maximum administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications for the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedule."

*History of Submission of the Recognized Obligation Payment Schedules.* See "Table 6—THE REDEVELOPMENT PROJECT—Historical RPTTF Deposits" for a description of ROPS deposits for Fiscal Years 2011-12 through 2015-16.

## **SECURITY FOR THE BONDS**

The County Auditor-Controller will deposit property tax revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the Health and Safety Code, including *inter alia* Health and Safety Code section 34183 and 34170.5(b). The Bonds are payable from and secured by the Tax Revenues to be derived from the Redevelopment Project consisting of a portion of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

### **Pledge Under the Indenture**

Except as described in "—Redevelopment Obligation Retirement Fund" below and as required to compensate or indemnify the Trustee, the Bonds and any Parity Debt are equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund or in the Special Fund (if applicable), and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal

Account and the Redemption Account) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds are additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account established by the Indenture. The Bonds are also equally secured by the pledge and lien created with respect to the Bonds by section 34177.5(g) of the Dissolution Act on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

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

### **Tax Revenues**

“Tax Revenues” the moneys deposited or available for deposit from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act, after payment of (a) County administrative fees pursuant to section 34183(a) of the Dissolution Act, and (b) all amounts due under the Statutory Pass-Through Payments and the Pass-Through Agreements (including any elections made pursuant to the former section 33676 of the Redevelopment Law) that have, by their terms, a senior lien on Tax Revenues. If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to section 33670 of the Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution.

Before it was amended by the Dissolution Act, the Redevelopment Law required the Former Agency to set aside not less than 20% of all tax increment generated in the Redevelopment Project into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as “Housing Set-Aside.”

The Dissolution Act eliminated the Housing Set-Aside requirement. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated due diligence review. The amounts found to be unencumbered through this due diligence review have been paid to the County and these funds have been allocated to the taxing entities within the Redevelopment Project.

Since a deduction for the Housing Set-Aside is no longer required, amounts that were previously required to be deposited in the housing fund are now included in Tax Revenues.

## Flow of Funds Under the Indenture

*General.* The Successor Agency previously established the Redevelopment Obligation Retirement Fund pursuant to section 34170.5(a) of the Dissolution Act and agrees to hold and maintain the Redevelopment Obligation Retirement Fund as long as any of the Bonds are Outstanding.

*Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund.* The Indenture provides that the Successor Agency shall deposit all of the Tax Revenues received in any Bond Year from the Redevelopment Property Tax Trust Fund in accordance with the Dissolution Act into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee *first*, from housing related Tax Revenues, for deposit in such Bond Year in the funds and accounts established with respect to Senior Obligations as provided in the Prior Indenture), and *second*, for deposit in the Debt Service Fund and the Reserve Fund (each as described below), if necessary until such time that the aggregate amounts on deposit in such Debt Service Fund and the Reserve Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Fund in such Bond Year pursuant to the Indenture, and for deposit in such Bond Year in the funds and accounts (including any reserve account) established with respect to Parity Bonds, as provided in any Supplemental Indenture.

*Deposit of Amounts by Trustee.* There is established a trust fund to be known as the Debt Service Fund, which will be held by the Trustee under the Indenture in trust. Concurrently with transfers with respect to Parity Debt pursuant to Parity Debt Instruments, moneys in the Redevelopment Obligation Retirement Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are established in the Debt Service Fund, and in the following order of priority:

**Interest Account.** On or before the fourth (4<sup>th</sup>) Business Day preceding each Interest Payment Date, commencing with the December 1, 2016, Interest Payment Date, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Parity Debt on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Parity Debt. Subject to this Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable (including accrued interest on any Bonds and Parity Debt redeemed prior to maturity pursuant to this Indenture).

**Principal Account.** On or before the fourth (4<sup>th</sup>) Business Day preceding June 1 and December 1 in each year beginning June 1, 2017, the Successor Agency shall transfer to the Trustee on or before June 1 of such year fifty percent (50%) of the principal amount due on the following June 1, and shall transfer on or before June 1 of such year the remaining fifty percent (50%) of the principal amount due on June 1 of such year. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next June 1. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds (including principal being paid pursuant to mandatory sinking fund redemption) as it shall become due and payable.

**Sinking Account.** On or before the fourth (4th) Business Day preceding June 1, \_\_\_\_\_ and December 1, \_\_\_\_\_, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the sinking fund payment becoming due and payable on the Outstanding Bonds on June 1, \_\_\_\_\_. On or before the fourth (4th) Business Day preceding June 1 and December 1 in each year beginning June 1, \_\_\_\_\_, the Successor Agency shall transfer to the Trustee on or before June 1 of such year fifty percent (50%) of the sinking fund amount due on the following June 1, and shall transfer on or before June 1 of such year the remaining fifty percent (50%) of the sinking fund amount due on June 1 of such year. No such transfer and deposit need be made to the Sinking Account if the amount contained therein is at least equal to the sinking fund payment to become due on the next June 1. Subject to this Indenture, all moneys in the Sinking Account will be used and withdrawn by the Trustee solely for the purpose of paying the aggregate principal amount of the Bonds and term bonds relating to Parity Debt required to be redeemed on such June 1 pursuant to Section 2.03(b).

**Reserve Account.** In lieu of a cash deposit to the Reserve Account, the Reserve Policy, in an amount equal to the Reserve Requirement, shall be delivered to the Trustee on the Closing Date. The prior written consent of the Municipal Bond Insurer shall be a condition precedent to the deposit of any credit instrument in lieu of a cash deposit into the Reserve Account. "Reserve Requirement" means, with respect to the Bonds, as of any date of calculation, to be equal to the least of (a) Maximum Annual Debt Service for then current or every subsequent Bond Year, (b) 125% of average Annual Debt Service for then current or every subsequent Bond Year, and (c) 10% of the original principal amount of the Bonds and any Parity Debt. On the Closing Date, such amount is being \$ \_\_\_\_\_.

If, on any Interest Payment Date, the moneys available in the Interest Account and/or the Principal Account do not equal the amount of the principal or interest with respect to the Bonds then coming due and payable, the Trustee shall apply the moneys available in the Reserve Account to makeup delinquent amounts by transferring the amount necessary for this purpose to the Interest Account and/or the Principal Account or shall draw on the Reserve Policy and apply amounts received from such draw to makeup delinquent amounts by transferring the amount necessary for this purpose to the Interest Account and/or the Principal Account. To the extent there is cash or investments on deposit in the Reserve Account, such cash or investments shall be applied first before there is any draw on the Reserve Policy or any other credit facility credited to the Reserve Account in lieu of cash (a "Credit Facility"). Payment of any Policy Costs (hereinafter defined) shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw. Upon receipt of any delinquent amount with respect to which moneys have been advanced from the Reserve Account or there has been a draw on the Reserve Policy, such amount shall be

deposited in the Reserve Account to the extent of such advance and first applied to reimburse a draw on the Reserve Policy and then to replenish any cash drawn therefrom.

The Reserve Account may be maintained at the specific direction of the Successor Agency in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds and Parity Debt in conformity with applicable provisions of the Tax Code.

*The Successor Agency has no obligation to replace the Reserve Policy or to fund the Reserve Account with cash if, at any time the Bonds are outstanding, amounts are unavailable under the Reserve Policy.*

The Successor Agency shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Municipal Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Municipal Bond Insurer at the Late Payment Rate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Municipal Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Municipal Bond Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

All cash and investments in the Reserve Account shall be transferred to the Debt Service Fund for payment of the debt service on the Bonds before any drawing may be made on the Reserve Policy or any other Reserve Fund Credit Instrument in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

Draws under the Reserve Policy may only be used to make payments on Bonds (but not Parity Debt).

If the Successor Agency shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Municipal Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other

than (i) acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect owners of the Bonds.

This Indenture shall not be discharged until all Policy Costs owing to the Municipal Bond Insurer shall have been paid in full. The Successor Agency's obligation to pay such amount shall expressly survive payment in full of the Bonds.

The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph (a) hereof and provide notice to the Municipal Bond Insurer at least three business days prior to each date upon which interest or principal is due on the Bonds.

The Reserve Policy shall expire on the earlier of the date the Bonds are no longer outstanding and the final maturity date of the Bonds.

With respect to the Reserve Policy, notwithstanding anything to the contrary set forth in this Indenture, the Successor Agency and the Trustee agree to comply with the terms of the Reserve Agreement.

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

### **Limited Obligation**

The Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State or any of their political subdivisions except the Successor Agency are liable therefor. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member of the Successor Agency, the Oversight Board or the Board of Supervisors of the County shall be individually or personally liable for the payment of the principal of or interest or redemption premium (if any) on the Bonds; but nothing contained in the Indenture relieves any such member, officer, agent or employee from the performance of any official duty provided by law.

*Dissolution Act Covenant by the Successor Agency.* The Successor Agency covenants in the Indenture that it will comply with all of the requirements of the Redevelopment Law and the Dissolution Act.

Pursuant to section 34177 of the Dissolution Act as modified by passage of Senate Bill 107, by February 1 of each year the Successor Agency shall submit to the Department of Finance, a Recognized Obligation Payment Schedule that has been approved by the Oversight Board and that will be applicable to the next two Semiannual Periods (hereinafter defined). The Successor Agency shall take all actions required under the Dissolution Act as amended to include in the Recognized Obligation Payment Schedule for each

Semiannual Period debt service on the Bonds and any Parity Debt, so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required to enable the Successor Agency to pay timely payments of principal of, and interest on, the Bonds and any Parity Debt coming due with respect to the applicable Semiannual Period, including inclusion on the applicable Recognized Obligation Payment Schedule of (a) the amounts of debt service set forth in the Recognized Obligation Debt Service Schedule and (b) the amounts of debt service set forth in the Recognized Obligation Debt Service Schedule attached to any Supplemental Indenture, and the inclusion of any amount required to be deposited in the Reserve Account, in order to maintain in the Reserve Account the amount of the Reserve Requirement. For each June 1 RPTTF submission, the Successor Agency will request an amount equal to the interest payment due on the following December 1 plus half of principal due on June 1 of the following year For each Jan 2 submission, the Successor Agency will request an amount equal to the interest payment due on the following June 1 plus half of principal payment due on the following June 1.

In addition, the Successor Agency shall place on the applicable Recognized Obligation Payment Schedule for approval by the Oversight Board and DOF, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the following half of the calendar year, as contemplated by paragraph (1)(A) of subdivision (d) of section 34171 of the Dissolution Act and any amount required to be deposited in the Reserve Account in order to maintain in the Reserve Account the amount of the Reserve Requirement.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on the Bonds (see "RISK FACTORS").

### **County Administrative Fees**

Chapter 466, Statutes of 1990 (referred to as SB 2557), permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. Section 34182(a)(3) of the California Health and Safety Code also provides for recovery of county costs in connection with performing duties related to the dissolution of redevelopment agencies. The actual fiscal year 2015-16 charges for the Successor Agency equate to \_\_\_\_% of gross RPTTF revenues. The Fiscal Consultant's projections included assume that the County administrative costs will continue to be charged at approximately \_\_\_\_% of gross revenue in subsequent fiscal years.

For purposes of showing debt service coverage, the Fiscal Consultant has assumed that the County administrative fees are senior to the Successor Agency's pledge of Tax Revenues to its obligation to make debt service payments on the Bonds.

### **Pass-Through Payments**

The Law recognizes three types of pass throughs to affected taxing agencies: negotiated agreements (section 33401) typically for project areas formed prior to January 1, 1994; inflationary pass throughs (section 33676), also applicable to project areas formed prior to January 1, 1994; and statutory pass through agreements (sections 33607.5 and 33607.7), applicable to project areas formed on or after January 1, 1994 as well as project areas where certain amendments have been made to the redevelopment plan.

The Redevelopment Project was formed prior to 1994. As such, the Former Agency entered into several agreements with affected taxing agencies. These entities are identified in the following table.

Taxing Entity	Component Area	Terms
Porterville Elementary School District	Original	(1)
Porterville Union High School District	Original	(1)
Porterville Public Cemetery District	Original	(1)
Tulare County School Maintenance	Original	(1)
Porterville Memorial District	Original	(1)
Tulare County Pollution Control District	Original	(2)
Tulare County Flood Control District	Original	(2)
Tulare County Free Library	Original	(2)
Tulare County	Original	(2)
Tulare County Flood Control, Air Pollution District, County Free Library	Original	(3)

(1) District portion of inflationary plus 100% of any district override rate.

(2) 100% of any district override rate.

(3) District share of adjusted incremental assessed value.

Pursuant to the Court of Appeals decision in *Santa Ana Unified School District vs. Orange County Development Agency*, school and community college districts are automatically entitled to payments derived by increasing the base year value of taxable real property in the project area by an inflationary factor of not greater than two percent per year (the “2 Percent Allocation”) from redevelopment project areas adopted between January 1, 1985, and December 31, 1993. The 2 Percent Allocation payments are the school districts’ percentage share of the inflationary revenues that may not exceed 2% per year pursuant to Proposition 13. Several districts, including the Porterville Union High School District, the Porterville Elementary School District, the Tulare County School Maintenance District, the Porterville Memorial District and the Porterville Public Cemetery District had already elected to receive inflationary pass throughs. The County began withholding those 2% allocation payments for the Kern Community College District as a result of the Santa Ana Unified School District decision.

The Amendment Area was adopted after January 1, 1994, and is therefore, subject to the Law as it was amended by passage of AB 1290. As amended, the Law requires that for project areas adopted after January 1, 1994, a prescribed portion of the agency’s tax increment revenue must be shared with all taxing entities within the project area. This defined tax-sharing amount has three tiers. The first tier began with the first year that the project area received tax increment revenue and continues for the life of the project area. This first tier tax-sharing amount is 25 percent of the Successor Agency’s Tax Revenues.

The second tier began in the eleventh year after the Former Agency first received tax increment revenue. The second tier payments began in fiscal year 2014-15. This second tier is 21 percent of the tax increment revenue that is derived from the growth in assessed value that is in excess of the assessed value of the project area in year ten (Fiscal Year 2013-14).

The third tier begins in the 31st year after the Former Agency first received tax increment revenue. These third tier payments will begin in fiscal year 2034-35. This third tier is 14 percent of the tax increment revenue that is derived from the growth in assessed value that is in excess of the assessed value of the project area in the 30th year. These three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the Redevelopment Project.

Section 33607.5(e) of the Law specifies a procedure whereby the Successor Agency may request subordination of the statutory tax sharing payments to payment of debt service on bonded indebtedness by all of the Redevelopment Project's taxing entities. As part of this request, the Successor Agency must provide substantial evidence to the taxing entities that it will have sufficient funds to make the debt service payments on the bonds as well as making the required statutory tax sharing payments. The taxing entities may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination or they may disapprove the subordination request. A taxing entity may disapprove a subordination request only if it believes based on substantial evidence that the Successor Agency's financial estimates are incorrect and that the Agency will not be able to make debt service and the tax sharing payments. **The Successor Agency is not currently considering a request for taxing entities to subordinate their payments to the payment of debt service on the Bonds.**

### **No Developer Agreements**

The Successor Agency has entered into no agreements with third parties that constitute a pledge of Tax Revenue nor have they entered into any such agreements that would have a superior lien on Tax Revenues to payment of debt service on the Bonds.

### **Parity Debt**

"Parity Debt" means any loan, bonds, notes, advances or indebtedness payable from Tax Revenues on a parity with the Bonds as authorized by the Indenture. The Indenture and section 341577.5(a) of the Dissolution Act permit the issuance of Parity Debt but only to refund the Bonds. Other than the Bonds, there will be no other outstanding obligations secured by the Tax Revenues.

## **MUNICIPAL BOND INSURANCE**

[TO COME]

## **PROPERTY TAXATION IN CALIFORNIA**

### **Property Tax Collection Procedures**

*Classification.* In the State, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Generally, ad valorem taxes are collected by a county (the "Taxing Authority") for the benefit of the various entities (e.g., cities, schools and special districts) that share in the ad valorem tax (each a taxing

entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Funds.

*Collections.* Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

*Penalty.* A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

*Delinquencies.* The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31.

*Supplemental Assessments.* California Revenue and Taxation Code section 75.70 provides for the reassessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against real property. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. Since fiscal year 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as the general property tax. The receipt of Supplemental Assessment revenues by taxing entities typically follows the change of ownership by a year or more. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. If a change in ownership results in a decrease in assessed value, a negative supplemental assessment may occur, requiring a refund of taxes paid to the property owner. To the extent such supplemental assessments occur within the Redevelopment Project, tax increment may increase or decrease. Revenues resulting from Supplemental Assessments have not been included in the Fiscal Consultant's projections of tax increment available to pay debt service on the Bonds.

*County Property Tax Collection and Administrative Costs.* In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the costs of administering the provisions of the Dissolution Act. For fiscal year 2015-16, the County charges were 1.098% of gross tax increment within the Redevelopment Project. Based on the collection charges for fiscal year 2015-16, the Fiscal Consultant projects the charge for fiscal year 2016-17 and future fiscal years as a percentage of gross tax increment to remain at 1.098%. For purposes of the Fiscal Consultant's projections of tax increment available to pay debt service on the Bonds, the Fiscal Consultant assumed that the County will continue to charge the Successor Agency for property tax collection and administration and that such charge will increase proportionally with any increases in revenue.

*Levy and Collection of Taxes.* The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the Agency Bonds. Likewise, delinquencies in the payment of property taxes and the impact of bankruptcy proceedings on the legal ability of taxing agencies to collect property taxes could have an adverse effect on the Agency's ability to make timely Agency Bond payments. A table illustrating the historical tax collection rates in the Redevelopment Project is included in the Fiscal Consultant's Report. See APPENDIX G—FISCAL CONSULTANT'S REPORT—Table F—Current Year Collection Rates for Most Recent Six Years. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency to Tax Revenues, although the Tax Revenues provide substantial debt service coverage on the Bonds. See "THE REDEVELOPMENT PROJECT—Projected Available Net Tax Increment and Estimated Debt Service Coverage."

### **Unitary Property**

Assembly Bill ("AB") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. The tax revenues are then to be allocated to each taxing entity county-wide as follows: (i) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (ii) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro rata county wide; and (iii) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of a redevelopment project. Consequently, the base year values of redevelopment projects are reduced by the amount of utility value that existed originally in the base years. The Auditor Controller allocated a total of \$\_\_\_\_\_ of unitary tax revenue to the Redevelopment Project for fiscal year 2015-16. The Fiscal Consultant estimates \$\_\_\_\_\_ of unitary revenues were allocated to the Successor Agency from the Redevelopment Project in fiscal year 2016-17. For purposes of the Fiscal Consultant's projection of tax revenues available to pay debt service on the Bonds, the Fiscal Consultant assumed that the amount of unitary revenue allocated for fiscal year 2015-16 will continue to be allocated to the Redevelopment Project in the same amount for the life of the projection.

### **Article XIII A of the State Constitution**

Article XIII A limits the amount of ad valorem taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIII A defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIII A (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional ad valorem taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIII A has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIII A to permit the Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the Legislature's action, the growth of property tax revenues may decline.

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

Each year the Board of Equalization announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. The changes in the California Consumer Price Index from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Through fiscal year 2010-11 there were six occasions when the inflation factor was less than 2%. Until fiscal year 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels; however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was -0.237% and this resulted in reductions to the adjusted base year value of parcels. The table below reflects the inflation adjustment factors for the current fiscal year and 10 prior fiscal years .

Historical Inflation Adjustment Factors	
Fiscal Year	Inflation Adj. Factor
2007-08	2.000%
2008-09	2.000
2009-10	2.000
2010-11	-0.237
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454
2015-16	1.998
2016-17	1.525

**Appropriations Limitation— Article XIII B**

Article XIII B limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The “base year” for establishing such appropriations limit is the 1978/79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by a redevelopment agency of proceeds of taxes levied by or on behalf of a redevelopment agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including section 33678 of the Redevelopment Law. The constitutionality of section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

## **Proposition 87**

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Former Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

## **Appeals of Assessed Values**

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

See "THE REDEVELOPMENT PROJECT—Assessment Appeals" for information regarding historical and pending appeals of assessed valuations by property owners in the Redevelopment Project. Also, see APPENDIX G—FISCAL CONSULTANT'S REPORT—Table G—Assessment Appeals Summary.

## **Proposition 8**

Proposition 8, approved in 1978 (California Revenue and Taxation Code section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value.

Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After such reductions in value are implemented, the Assessor is required to review the property's market value as of each subsequent lien date and adjust the value of real property to the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIII A of the California Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under Proposition 8 to residential properties are normally initiated by the Assessor but may also be requested by the property owner. Reductions of value for commercial, industrial and other land use types under Proposition 8 are normally initiated by the property owner as an assessment appeal.

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

For a summary of the recent history of Proposition 8 reductions in the Redevelopment Project, see "THE REDEVELOPMENT PROJECT—Residential Real Estate Values."

### **Propositions 218 and 26**

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

Tax Revenues securing the Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and Proposition 26.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency's ability to expend revenues.

## **THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY**

As described in “INTRODUCTION,” the Dissolution Act dissolved the Former Agency as of February 1, 2012. Thereafter, pursuant to section 34173 of the Dissolution Act, the City became the Successor Agency to the Former Agency. Subdivision (g) of section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

### **Successor Agency Powers**

All powers of the Successor Agency are vested in its five members who are elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, substantially all Successor Agency actions are subject to approval by the Oversight Board, as well as review by the DOF.

### **Status of Compliance with Dissolution Act**

The Dissolution Act requires a due diligence review to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of each successor agency’s low and moderate income housing fund and of all other funds and accounts. Once a successor agency completes the due diligence review and any transfers to taxing entities, the DOF will issue a finding of completion that expands the authority of each successor agency in carrying out the wind down process. A finding of completion allows a successor agency to, among other things, retain real property assets of the dissolved redevelopment agency and utilize proceeds derived from bonds issued prior to January 1, 2011.

The Successor Agency has completed the due diligence process and received its Finding of Completion on April 26, 2013.

After receiving a finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies within six months of receiving a finding of completion, and the DOF will review these plans as submitted on a rolling basis.

The DOF Approved the Successor Agency’s Long Range Property Management Plan on February 21, 2014, and an amendment to the Successor Agency’s Long Range Property Management Plan was approved on September 6, 2016.

## **Plan Limits**

In accordance with the Redevelopment Law, redevelopment plans like the Redevelopment Plans were required to include certain limits on the financing of the redevelopment projects. These limits could include a time limit on the life of the redevelopment plan, a time limit on the incurrence of indebtedness, a time limit on the receipt of property tax increment and the repayment of indebtedness and a limit on the amount of bonded indebtedness outstanding at any time. SB 107 clarifies that former tax increment limits set forth in redevelopment plans such as the Redevelopment Plan no longer apply for purposes of paying approved enforceable obligations such as the Bonds.

## **THE REDEVELOPMENT PROJECT**

The City Council of the City adopted the Porterville Redevelopment Project No. 1 Redevelopment Plan (“Plan”) on July 10, 1990 by approval of Ordinance No. 1436. The Plan was amended on November 15, 1991, by Ordinance No. 1504 to establish time limits in accordance with Assembly Bill 1290. The Plan was amended a second time on July 6, 2004 by Ordinance No. 1655 to remove approximately 26 acres (“Detachment Area”) from the 471-acre Redevelopment Project as well as repeal the time limits to incur debt pursuant to Senate Bill 211. On July 6, 2010, the Plan was amended a third time by Ordinance No. 1765, to add 1,506 acres of territory (the “Amendment 2010 Area”), reinstate eminent domain authority in the existing project area (“Original Area”), and modify the Plan’s projects and programs list for the Original Area.

The Redevelopment Project encompasses approximately 1,951 acres, or approximately 16% of the City’s 11,896 acres.

The total assessed valuation of taxable property in the Redevelopment Project in fiscal year 2016-17 is \$571,021,328, with \$140,097,800 of such amount representing incremental assessed value. See “THE REDEVELOPMENT PROJECT” and APPENDIX G—FISCAL CONSULTANT’S REPORT.

## Land Use

The aggregate designated land use in the Redevelopment Project for fiscal year 2016-17 is set forth in the following table.

**TABLE 1**  
**LAND USE SUMMARY**  
**Fiscal Year 2016-17**

Category	No. of Parcels	Taxable Value	% of Value
Commercial	652	\$269,854,018	50.960%
Single Family Residential	2,118	157,482,183	29.740
Multifamily Residential	288	61,783,178	11.670
Industrial	44	33,106,415	6.250
Mobile Homes	16	3,741,980	0.710
Miscellaneous (1)	83	1,845,970	0.350
Institutional/Exempt	47	1,689,988	0.320
Agricultural	1	20,409	0.004
Total	3,249	\$529,524,141	100.00%

Source: Fiscal Consultant.

(1) Miscellaneous includes unassigned use codes, possessory interests, water, ditches, boats, aircrafts, golf courses, timber and mineral rights.

## Historical Assessed Values

Table 2 below summarizes year-to-year changes in the Redevelopment Project's assessed values for the past five years based upon the County Auditor-Controller's annual assessed value reports. During this period, the total assessed value for the Redevelopment Project has increased from \$523 million to \$571 million (9%).

The Redevelopment Project has two subareas: the Original Area and the Amendment 2010 Area. In the past five years, total incremental value has increased by 5.6 percent in the Original Area and 11.1 percent in the Amendment 2010 Area. The Amendment 2010 Area did not generate tax increment in fiscal years 2012-13 through 2014-15 when its total assessed value was less than the base year value; it began generating tax increment when the assessed value was higher than the base year value in fiscal years 2015-16 and 2016-17.

Table 2 also presents a summary of tax increment revenue estimates and collections for fiscal years 2012-13 through 2015-16. Collections have exceeded revenue estimates from 2012-13 through 2014-15. Actual collections were 98% of estimated revenues in FY 2015-16 based on data available on collections through April 30, 2016.

**TABLE 2**  
**HISTORICAL TAXABLE VALUES AND ANNUAL**  
**PERCENTAGE INCREASE OR DECREASE**  
**Fiscal Years 2012-13 to 2016-17**

	2012-13	% change	2013-14	% change	2014-15	% change	2015-16	% change	2016-17	% change
Original Area										
Secured	171,617,964	-2.52%	168,068,524	-2.07%	165,968,449	-1.25%	173,965,480	4.82%	174,320,457	0.20%
Utility	721,250		1,652,428		1,652,428		1,727,717		1,023,342	
Unsecured	11,134,830		11,668,106		18,316,224		18,264,127		19,356,292	
Total	183,474,044	-2.34%	181,389,058	-1.14%	185,927,101	2.51%	193,957,324	4.31%	194,700,091	-0.14%
Amendment Area										
Secured	315,870,029	6.33%	320,988,013	1.62%	327,105,847	1.91%	345,638,845	5.67%	355,203,684	2.77%
Utility			113,220		113,220		13,220			
Unsecured	23,764,063		22,237,061		23,001,403		21,463,113		22,140,925	
Total	339,634,092	6.13%	343,338,294	1.09%	350,220,470	2.00%	367,215,178	4.85%	377,344,609	2.76%
Total Redevelopment Project										
Secured	487,487,993	3.04%	489,056,537	0.32%	493,074,296	0.82%	519,604,325	5.38%	529,524,141	1.91%
Utility	721,250		1,765,648		1,765,648		1,840,937		1,023,342	
Unsecured	34,898,893		33,905,167		41,317,627		39,727,240		41,497,217	
Total	523,108,136	3.00%	524,727,352	0.31%	536,157,571	2.18%	561,172,502	4.67%	572,044,700	1.94%

Source: Fiscal Consultant.

## Largest Taxpayers

The ten largest taxpayers for the Redevelopment Project according to the 2016-17 assessed valuations are shown below.

**TABLE 3**  
**TEN LARGEST PROPERTY TAXPAYERS**  
**Fiscal Year 2016-17**

Property Owner	Number of Parcels	Assessed Value	% of Total Value	% of Incremental Value	Primary Land Use
Walmart Stores, Inc. (1)	4	\$ 67,047,545	11.72%	47.51%	Commercial
Beckman Coulter, Inc. (1)	1	11,477,244	2.01	8.13	Industrial
Royalty Carpet Mills, Inc.	5	10,644,054	1.86	7.54	Industrial
The Walgreen Company (1)	6	8,079,793	1.41	5.73	Commercial
3-W, Inc.	6	7,240,725	1.27	5.13	Commercial
Citizens Business Bank	12	6,443,940	1.13	4.57	Commercial
ESA Project Company LLC	1	5,288,170	0.92	3.75	Commercial
Store Capital Acquisitions LLC	1	4,600,846	0.80	3.26	Commercial
PV Storage LLC	2	4,533,700	0.79	3.21	Commercial
Bank of the Sierra	4	4,164,018	0.73	2.95	Commercial
Top Property Owner Total Value		\$129,520,035	22.64%	91.78%	
Redevelopment Project Assessed Value		571,044,700			
Redevelopment Project Incremental Value		141,121,172			

Source: Fiscal Consultant.

(1) This taxpayer has a pending assessment appeal on parcels owned.

Walmart Stores, Inc. (“Walmart”) operates the Walmart Distribution Center opened in the City in 1991. The center currently services over 100 stores in California and Hawaii. The center is consistently ranked the most productive logistics facility, moving the most freight in the United States for Walmart. The center’s employment levels have been consistent and is currently at 1,300 employees. Walmart has also continued to upgrade the facility and has recently applied for a building permit to expand it.

See “THE REDEVELOPMENT PROJECT—Assessment Appeals for a discussion of the pending appeals of Walmart, Beckman Coulter, Inc. and The Walgreen Company.

## Historical Tax Revenues

Table 4 below reflects the Successor Agency’s historical assessed values, incremental values and allocated incremental revenues for the most recent five fiscal years.

**TABLE 4**  
**HISTORICAL ASSESSED VALUES, INCREMENTAL VALUES**  
**AND ALLOCATED INCREMENTAL REVENUES**  
**Fiscal Years 2012-13 to 2016-17**

	2012-13	2013-14	2014-15	2015-16	2016-17
Total Assessed Value	\$523,108,136	\$524,727,352	\$536,157,571	\$561,172,502	\$572,044,700
Incremental Value	107,476,473	105,391,487	109,939,530	130,248,974	141,121,172
Total Annual Increment (1)	1,074,765	1,053,915	1,099,395	1,302,490	
Gross RPTTF Collections (2)	1,067,584	1,114,398	1,121,221	1,376,059	1,361,399
Less: SB 2557 Admin. Fees	29,049	29,179	62,399	31,596	34,580
Less: Pass-Through Payments (3)	212,722	217,940	226,576	283,498	301,182
Tax Revenues	<u>\$825,813</u>	<u>\$867,279</u>	<u>\$832,246</u>	<u>\$1,060,965</u>	<u>\$1,025,637</u>

Source: Fiscal Consultant.

- (1) Includes regular secured and unsecured taxes computed based on the Incremental Value multiplied by the 1% general levy tax rate.
- (2) Includes regular secured, unsecured, Unitary, supplemental and other taxes collected for the given fiscal year. Collections shown for 2015-16 are through June, 2016.
- (3) The County’s practice is to deduct all pass-through obligations from the RPTTF, regardless of their lien priority, before remitting the balance to the Successor Agency to pay debt service. If subordinate pass-through amounts are required to pay debt service, upon request of the Successor Agency, those amounts will not be deducted by the County.

## Assessment Appeals

Assessment appeals data from the County and through July 20, 2016, has been reviewed to determine the potential impact that pending appeals may have on the projected Tax Revenues. There are 27 pending appeals within the Redevelopment Project. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the Fiscal Consultant has reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed. The Fiscal Consultant then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of these pending appeals.

Three of the top ten overall taxpayers have pending appeals filed in the last two fiscal years. See “THE REDEVELOPMENT PROJECT— Top Taxpayers.” Walmart, the top taxpayer in the Redevelopment Project, has four appeals pending, requesting a total reduction of \$32,992,967 in assessed value. Walmart has been seeking to open up a Superstore nearby, and in the Redevelopment Project, which has been delayed due to California Environmental Quality Act challenges. According to company statements made to the City Council in June 2016, Walmart remains committed to building the store. No increases in assessed value for this project were incorporated into the revenue projections. Beckman Coulter, Inc., the second overall taxpayer, also has one pending appeal, and is requesting a \$3,802,940 reduction in assessed value. Beckman Coulter, Inc. is a biomedical manufacturer. The Walgreens Company, ranked fourth, had

three pending appeals requesting a total reduction of \$2,406,416. The Walgreen Company is a pharmaceutical retailer that owns and operates the a Walgreens Pharmacy in the Redevelopment Project.

Based on an historical average reduction of 13%, a loss of \$5,175,890 in assessed value has been incorporated into the Fiscal Consultant's tax increment projections. However, if 100% of the appeals are successful, it is still projected that Tax Revenues would still be sufficient to pay debt service on the Bonds.

See APPENDIX G—FISCAL CONSULTANT'S REPORT for a more detailed analysis of the assessment appeals. The estimated reduction in assessed values from pending appeals shown in Table 5 have been factored into the Fiscal Consultant's projections.

### **Residential Real Estate Values**

In 2011-12, the Project Area had 884 properties (883 single-family and 1 multi-family) that had been given a "Proposition 8" value reduction. At that time, the countywide reduction represented about \$36.4 million in assessed value. Since that time, many property values have been either partially or completely restored by the County Assessor to their "Proposition 13" value, or their base plus annual inflation. In January 2016, the Project Area still had 342 properties (all single-family) that had at least a partial Proposition 8 reduction still in place, which represented a reduction of about \$14.2 million in assessed value. In other words, almost 60 percent of the assessed values that were reduced since 2011-12 have been restored. A total of \$823,674 in property values was recovered by the County Assessor on 110 parcels in 2016-17.

### **New Development and Transfers of Ownership**

Changes in value due to transfers of ownership occurring after the lien date for the 2016-17 fiscal year will affect the taxable values for fiscal year 2017-18. New development continues to occur within the Redevelopment Project that is above and beyond changes of ownership but no additional value has been included in the projections for new construction.

See APPENDIX G—FISCAL CONSULTANT'S REPORT for value added to the assessed value projections from transfer of ownership.

## Historical RPTTF Deposits

The following table sets forth historical RPTTF deposits for the Redevelopment Project.

**TABLE 6**  
**REDEVELOPMENT PROPERTY TAX TRUST FUND DEPOSITS**  
**Fiscal Years 2011-12 through 2015-16**

	2011-12 (3)	2012-13	2013-14	2014-15	2015-16
January RPTTF Deposits (1)	\$511,431	\$485,738	\$530,580	\$610,216	\$690,682
June RPTTF Deposits (2)	443,595	581,846	583,818	511,005	685,377
Gross RPTTF Deposit	955,026	1,067,584	1,114,398	1,121,221	1,376,059
Less: SB 2557 Admin. Fees	29,438	27,398	27,842	27,710	30,766
Less: County RPTTF Admin. Fees	2,347	1,651	1,337	678	830
Less: State Controller Audit Fees	-	-	-	34,011	-
Less: Pass-Through Payments	105,699	212,722	217,940	226,576	283,498
Net RPTTF Available	\$817,542	825,813	867,279	832,246	1,060,965

Source: Fiscal Consultant.

- (1) Collections deposited in the RPTTF for allocation in January include June and July collections from the prior fiscal year and collections for August through December of the current fiscal year.
- (2) Collections deposited in the RPTTF for allocations in June include January through May collections for the current fiscal year.
- (3) Revenues for the January RPTTF Deposits are the total revenue amounts allocated to the Former Agency through January 31, 2012. Amounts for the June RPTTF Deposits are the total revenues for FY 2011-12 less amounts allocated to the Former Agency through January 31, 2012.

## Projected Available Tax Revenues and Estimated Debt Service Coverage

Table 7 below shows available net tax increment from the Redevelopment Project, assumes 1% growth from 2017 to 2018 and 2% growth for each year thereafter and includes projected debt service on the Bonds. Table 8 below shows available net tax increment from the Redevelopment Project, assumes 0% growth in each year and includes projected debt service on the Bonds.

Tax Revenues presented in the projection in Table 7 and 8 represent the amount available for debt service computed as gross Redevelopment Property Tax Trust Fund Revenue less (1) the County administration fees; (2) statutory pass-through payments, (2) negotiated pass-through obligations, and (3) inflationary pass-through obligations. The projection commences with the 2016-17 fiscal year and 2016-17 assessed valuations and incorporates the valuation assumptions made in the Fiscal Consultant's Report. No increase in assessed value has been reflected in the projections based on new development. Personal Property values are assumed to remain constant. The projections include an adjustment for pending appeals.

Table 9 shows debt service coverage on a semi-annual basis.

**TABLE 7**  
**PROJECTION OF TAX REVENUES FOR DEBT SERVICE AND DEBT SERVICE COVERAGE**  
**(2% Growth)**  
**(dollars in thousands)**

(1) Year Ending 6/30	Total RPTTF Revenues	Less: County Admin.	(2) Less: Negotiated Pass- Through Obligations	Less: Inflationary (33676) Pass- Through Obligations	Less: Statutory Pass- Through Obligations	Net Tax Revenues	(3) Debt Service	(3) Debt Service Coverage
2017	1,361,399	34,580	89,277	168,980	42,925	1,025,637	285,467	3.59x
2018	1,466,380	37,246	89,277	175,905	61,444	1,102,508	456,338	2.42x
2019	1,573,389	39,964	94,800	185,125	81,580	1,171,920	452,050	2.59x
2020	1,682,537	42,736	100,433	194,530	102,118	1,242,720	451,080	2.75x
2021	1,793,868	45,564	106,178	204,123	128,012	1,309,991	454,818	2.88x
2022	1,907,426	48,449	112,038	213,907	167,329	1,365,703	453,088	3.01x
2023	2,023,255	51,391	118,016	223,888	207,433	1,422,528	456,038	3.12x
2024	2,141,401	54,392	124,113	234,068	248,339	1,480,490	448,538	3.30x
2025	2,261,910	57,453	130,332	244,451	290,062	1,539,611	450,958	3.41x
2026	2,384,828	60,575	136,676	255,042	332,621	1,599,915	447,903	3.57x
2027	2,510,206	63,759	143,146	265,845	376,030	1,661,425	452,728	3.67x
2028	2,638,090	67,007	149,746	276,865	420,308	1,724,165	446,908	3.86x
2029	2,768,533	70,321	156,478	288,104	465,471	1,788,159	453,453	3.94x
2030	2,901,584	73,700	163,344	299,568	511,537	1,853,434	453,653	4.09x
2031	3,037,296	77,147	170,348	311,262	558,525	1,920,014	448,408	4.28x
2032	3,175,723	80,663	177,492	323,189	606,452	1,987,926	447,908	4.44x
2033	3,316,918	84,250	184,778	335,355	655,338	2,057,196	451,948	4.55x
2034	3,460,937	87,908	192,211	347,765	705,202	2,127,851	450,368	4.72x
2035	3,607,836	91,639	199,792	360,422	756,063	2,199,920	453,308	4.85x
2036	3,757,673	95,445	207,524	373,333	807,942	2,273,430	455,244	4.99x
2037	3,910,507	99,327	215,412	386,502	860,857	2,348,410	446,513	5.26x
2038	4,066,398	103,287	223,457	399,934	914,832	2,424,889	452,313	5.36x
2039	4,225,407	107,325	231,663	413,635	969,885	2,502,898	452,048	5.54x
2040	4,387,595	111,445	240,033	427,610	1,026,040	2,582,468	446,223	5.79x

x

Source: Tax data from the Fiscal Consultant. Debt service data from the Municipal Advisor.

- (1) Tax Revenues are presented for the fiscal year ending in the year; Bond debt service is presented for the calendar year as payable from that fiscal year Tax Revenues.
- (2) Does not include County deduction permitted by the Settlement Agreement.
- (3) Preliminary, subject to change..

**TABLE 8**  
**PROJECTION OF TAX REVENUES FOR DEBT SERVICE AND DEBT SERVICE COVERAGE**  
**(0% Growth)**  
**(dollars in thousands)**

(1) Year Ending 6/30	Total RPTTF Revenues	Less: County Admin.	(2) Less: Negotiated Pass- Through Obligations	Less: Inflationary (33676) Pass- Through Obligations	Less: Statutory Pass- Through Obligations	Net Tax Revenues	(3) Debt Service	(3) Debt Service Coverage
2017	1,361,399	34,580	89,277	168,980	42,925	1,025,637	285,467	3.59x
2018	1,361,399	34,580	89,277	175,905	42,925	1,018,713	456,338	2.23x
2019	1,361,399	34,580	89,277	185,125	42,925	1,009,492	452,050	2.23x
2020	1,361,399	34,580	89,277	194,530	42,925	1,000,087	451,080	2.22x
2021	1,361,399	34,580	89,277	204,123	42,925	990,495	454,818	2.18x
2022	1,361,399	34,580	89,277	213,907	42,925	980,710	453,088	2.16x
2023	1,361,399	34,580	89,277	223,888	42,925	970,730	456,038	2.13x
2024	1,361,399	34,580	89,277	234,068	42,925	960,550	448,538	2.14x
2025	1,361,399	34,580	89,277	244,451	42,925	950,166	450,958	2.11x
2026	1,361,399	34,580	89,277	255,042	42,925	939,575	447,903	2.10x
2027	1,361,399	34,580	89,277	265,845	42,925	928,772	452,728	2.05x
2028	1,361,399	34,580	89,277	276,865	42,925	917,753	446,908	2.05x
2029	1,361,399	34,580	89,277	288,104	42,925	906,513	453,453	2.00x
2030	1,361,399	34,580	89,277	299,568	42,925	895,049	453,653	1.97x
2031	1,361,399	34,580	89,277	311,262	42,925	883,355	448,408	1.97x
2032	1,361,399	34,580	89,277	323,189	42,925	871,428	447,908	1.95x
2033	1,361,399	34,580	89,277	335,355	42,925	859,262	451,948	1.90x
2034	1,361,399	34,580	89,277	347,765	42,925	846,852	450,368	1.88x
2035	1,361,399	34,580	89,277	360,422	42,925	834,195	453,308	1.84x
2036	1,361,399	34,580	89,277	373,333	42,925	821,284	455,244	1.80x
2037	1,361,399	34,580	89,277	386,502	42,925	808,115	446,513	1.81x
2038	1,361,399	34,580	89,277	399,934	42,925	794,683	452,313	1.76x
2039	1,361,399	34,580	89,277	413,635	42,925	780,982	452,048	1.73x
2040	1,361,399	34,580	89,277	427,610	42,925	767,007	446,223	1.72x

Source: Tax data from the Fiscal Consultant. Debt service data from the Municipal Advisor.

- (1) Tax Revenues are presented for the fiscal year ending in the year; Bond debt service is presented for the calendar year as payable from that fiscal year Tax Revenues.
- (2) Does not include County deduction permitted by the Settlement Agreement.
- (3) Preliminary, subject to change..

**TABLE 9  
PROJECTION OF SEMI-ANNUAL DEBT SERVICE COVERAGE  
(2% Growth)**

Bond Year (1)	FY 2014-15 (Actual)			FY 2015-16 (Actual)			FY 2016-17 (Projected)			FY 2017-18 (Projected)		
	1st 14-15B January 2	2nd 15-16A June 1	Total	1st 15-16B January 2	2nd 16-17A June 1	Total	1st 16-17B January 2	2nd 17-18A June 1	Total	1st 17-18B January 2	2nd 18-19A June 1	Total
Tax Installment: ROPS Cycle <sup>(2)</sup>												
RPTTF Distribution Dates												
RPTTF Deposits <sup>(3)</sup>												
Less:												
County Administration Costs <sup>(4)</sup>												
Pass Through Obligations <sup>(4)</sup>												
Net RPTTF Deposits												
Total Debt Service												
Remaining Revenue												
Overall Coverage <sup>(5)</sup>												

Source: Fiscal Consultant. Debt service data from the Underwriter.

- (1) Bond year ending September 1 for purposes of annual debt service totals.
- (2) Terms used by the DOF to denote semiannual ROPS periods based on the fiscal year in which Recognized Obligation Payment Schedule expenditures occur, rather than the fiscal year in which revenues are received.
- (3) RPTTF deposits are actual through ROPS 16-17A. Amounts shown for FY 2016-17 and 2017-18 are projected based on 2% growth model. The sum of the RPTTF deposits for 2014-15 and 2015-16 will not equal reported tax increment revenue for such fiscal year due to the fact that the "B" cycle RPTTF deposits include June and July collections from the prior fiscal year and the "A" cycle RPTTF deposits do not include collections for June and July of the current fiscal year. This is the result of the allocation cycles mandated in the Dissolution Act. Projected RPTTF deposits for 2016-17 and 2017-18 are divided assuming 53% of annual revenue being allocated to the "B" ROPS in January and 47% being allocated to the "A" ROPS in June.
- (4) County Administration and pass through amounts are actual for fiscal years 2014-15 and 2015-16. Amounts shown for fiscal years 2016-17 and 2017-18 are projected with annual projected amounts proportionally divided between the two RPTTF cycles based on the County's allocation schedules. County Administration Costs are assumed to include \$2,000 per RPTTF cycle for administration of the RPTTF process.
- (5) Net RPTTF Deposits divided by Total Debt Service.

## **RISK FACTORS**

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

### **Recognized Obligation Payment Schedule**

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Dissolution Act, on or before each February 1 commencing February 1, 2016, the Successor Agency shall submit to the Oversight Board and the DOF, a Recognized Obligation Payment Schedule unless, at the option of the Successor Agency and subject to DOF approval and satisfaction of certain other conditions, a Last and Final Recognized Obligation Payment Schedule is filed by the Successor Agency and is approved by the DOF in which event no such periodic filing requirements apply. In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, for each annual period, the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Consequently, in instances where a Last and Final Recognized Obligation Payment Schedule is not filed, Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule to pay debt service on the Bonds and to pay other enforceable obligations for each applicable annual period. In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule as required, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period. See "THE DISSOLUTION ACT — Recognized Obligation Payment Schedules."

In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, if a successor agency does not submit a Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller is then required to distribute the portion of any of the sums withheld as described above to the affected taxing entities in accordance with applicable provisions of the Dissolution Act upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations. Although the Successor Agency currently has no plans to file a Last and Final Recognized Obligation Payment Schedule nothing in the Indenture prevents it from doing so in the future.

For a description of the covenant made by the Successor Agency in the Indenture relating to the obligation to submit Recognized Obligation Payment Schedules on a timely basis, and the Successor

Agency's history of submissions of Recognized Obligation Payment Schedules, see "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules."

AB 1484 also added provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule as required. Specifically, an oversight board approved Recognized Obligation Payment Schedule must be submitted by the successor agency to the county auditor-controller and the DOF, no later than each February 1 for the subsequent annual period. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the city or county that established the redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. Additionally, a successor agency's administrative cost allowance is reduced by 25% if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline, with respect to the Recognized Obligation Payment Schedule for the subsequent annual period.

### **Challenges to Dissolution Act**

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the Bonds.

## **Reduction in Taxable Value**

Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and thereby available to pay principal of and interest on the Bonds are determined by the amount of incremental taxable value in the Redevelopment Project and the current rate or rates at which property in the Redevelopment Project is taxed. The reduction of taxable values of property in the Redevelopment Project caused by economic factors beyond the Successor Agency's control, such as relocation out of the Redevelopment Project by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities or other natural disaster, could cause a reduction in the tax increment available to pay debt service on the Bonds. Such reduction of tax increment available to pay debt service on the Bonds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds; this risk could be increased by the significant concentration of property ownership in the Redevelopment Project. see "THE REDEVELOPMENT PROJECT—Largest Taxpayers."

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution," Article XIII A provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce tax increment available to pay debt service on the Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the tax increment available to pay debt service on the Bonds and adversely affect the source of repayment and security of the Bonds.

## **Limitations on Remedies**

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under state law of certain remedies: the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Bond Owners.

### **Risks to Real Estate Market**

The Successor Agency's ability to make payments on the Bonds will be dependent upon the economic strength of the Redevelopment Project. The general economy of the Redevelopment Project will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Redevelopment Project could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a significant decline in the general economy of the Redevelopment Project, the owners of property within the Redevelopment Project may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Successor Agency from the Redevelopment Project. See "THE REDEVELOPMENT PROJECT—Projected Available Tax Revenues and Estimated Debt Service Coverage" for a description of the projected debt service coverage on the Bonds.

### **Concentration of Property Ownership**

Based on fiscal year 2016-17 locally assessed taxable valuations, the top ten taxable property owners in the Redevelopment Project represent approximately 22.64% of the total fiscal year 2016-17 taxable value and 91.78% of the incremental value. The top taxpayer, Walmart, represents 11.72% of the total fiscal year 2016-17 taxable value and 47.51% of the incremental value. A default by such taxpayer in the payment of its property taxes could materially and adversely affect the ability of the Successor Agency to pay debt service on the Bonds. Walmart and two of the top taxpayers have pending assessed value appeals with respect to their property in the Redevelopment Project. See "THE REDEVELOPMENT PROJECT—Top Taxpayers" and "THE REDEVELOPMENT PROJECT—Assessment Appeals. See "THE REDEVELOPMENT PROJECT—Projected Available Tax Revenues and Estimated Debt Service Coverage" for a description of the projected debt service coverage on the Bonds.

### **Reduction in Inflationary Rate**

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The Successor Agency is unable to predict if any further adjustments to the full cash value base of real property within the Redevelopment Project, whether an increase or a reduction, will be realized in the future.

## **Development Risks**

The general economy of a redevelopment project will be subject to all the risks generally associated with real estate development. Projected development within a redevelopment project may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within a redevelopment project could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in a redevelopment project is delayed or halted, the economy of the redevelopment project could be affected. If such events lead to a decline in assessed values they could cause a reduction in incremental property tax revenues.

The Successor Agency believes that a decline in development activity in the Redevelopment Project is unlikely to adversely impact its ability to pay debt service on the Bonds in light of the debt service coverage provided by fiscal year 2016-17 Tax Revenues. See “THE REDEVELOPMENT PROJECT—Projected Available Tax Revenues and Estimated Debt Service Coverage.”

## **Future Land Use Regulations and Growth Control Initiatives**

In the past, citizens of a number of local communities in Southern California have placed measures on the ballot designed to limit the issuance of building permits or impose other restrictions to control the rate of future growth in those areas. It is possible that future initiatives could be enacted that could be applicable to the City and have a negative impact on the ability of developers in the Redevelopment Project to complete any existing or proposed development. Bond Owners should assume that any event that significantly affects the ability to develop land in the City could cause the land values within the Redevelopment Project to decrease substantially and could affect the willingness and ability of the owners of land within the Redevelopment Project to pay property taxes when due.

There can be no assurance that land development within the City will not be adversely affected by future governmental policies, including, but not limited to, government policies to restrict or control development. Under current State law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on the permits prior to the adoption of such regulations.

## **Assessment Appeals**

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor’s original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the respective redevelopment project and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Pledged Tax Revenues and, potentially, Revenues under the Indenture. The Successor Agency has in the past experienced reductions in its Tax Increment Revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of suc-

cessful appeals. For a discussion of historical assessment appeals in the Redevelopment Project and summary information regarding pending and resolved assessment appeals for the Successor Agency, see APPENDIX G—FISCAL CONSULTANT’S REPORT.

Certain of the top ten largest property taxpayers in the Redevelopment Project have pending property tax appeals. See “THE REDEVELOPMENT PROJECT—Assessment Appeals” and “THE REDEVELOPMENT PROJECT—Largest Taxpayers” for a description of pending appeals and the potential impact on Tax Revenues if the appeals are granted.

### **Levy and Collection of Taxes**

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax increment available to pay debt service on the Bonds.

Although delinquencies in the payment of property taxes by the owners of land in the Redevelopment Project, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency’s ability to make timely payments on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2016-17 net tax increment. See “THE REDEVELOPMENT PROJECT—Projected Available Tax Revenues and Estimated Debt Service Coverage” for a description of the projected debt service coverage on the Bonds.

### **Bankruptcy and Foreclosure**

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Although such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2016-17 net tax increment. See “THE REDEVELOPMENT PROJECT—Projected Available Tax Revenues and Estimated Debt Service Coverage” for a description of the debt service coverage on the Bonds.

### **Estimated Revenues**

In estimating that net tax increment will be sufficient to pay debt service on the Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Redevelopment Project, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent

that the assessed valuation and the tax rates are less than expected, the net tax increment available to pay debt service on the Bonds will be less than those projected and such reduced net tax increment may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds. See “THE REDEVELOPMENT PROJECT—Projected Available Tax Revenues and Estimated Debt Service Coverage.”

### **Earthquake and Other Risks**

The City, like all California communities, may be subject to unpredictable seismic activity. Although there are no known active seismic faults located within the City, the City could be subject to ground movement and shaking as a result of distant earthquakes or slippage along active faults, or previously unknown faults could become active. The occurrence of severe seismic activity in or around the City could result in substantial damage to property located in the Redevelopment Project, and land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event. As a result, the value of taxable land in the Redevelopment Project could be diminished in the aftermath of such an earthquake, through appeals, thereby reducing the amount of Tax Revenues. See “Property Tax Appeals” herein. The City is located in Seismic Zone 3. The City has adopted the 1997 Uniform Building Code and Uniform Building Code Standards adopted by the State of California. All new construction is required to comply with the highest earthquake resistance design standard presently in use in California.

The Redevelopment Project is subject to very minimal flood risk. The sites in the Redevelopment Project are located in a federally designated low risk flood zone. There are no properties within the Redevelopment Project that are within a 100-year floodplain.

### **Hazardous Substances**

An environmental condition that may result in the reduction in the assessed value of parcels in the Redevelopment Project would be the discovery of a hazardous substance that would limit the beneficial use of the property. In general, the owners and operators of an assessed parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as CERCLA or the Superfund Act, is the most well known and widely applicable of these laws but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition on the property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the assessed parcels be affected by a hazardous substance would be to reduce the marketability and value of the parcel by the costs of remedying the condition, since the purchaser, upon becoming owner, will become obligated, along with the seller, to remedy the condition.

### **Changes in the Law**

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of tax increment available to pay debt service on the Bonds.

## **Loss of Tax-Exemption**

As discussed under the caption “TAX MATTERS,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Successor Agency in violation of its covenants in the Indenture.

In addition, current and future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals.

Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

## **Secondary Market**

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

## **TAX MATTERS**

*Series A Bonds.* Federal tax law contains a number of requirements and restrictions which apply to the Series A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Successor Agency has covenanted to comply with all requirements that must be satisfied in order for the interest on the Series A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series A Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series A Bonds.

Subject to the Successor Agency’s compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, interest on the Series A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Series A Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Successor Agency with respect to certain material facts within the Successor Agency’s knowledge. Bond Counsel’s opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax (“AMT”) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would include certain tax exempt interest, including interest on the Series A Bonds.

Ownership of the Series A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the Series A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the “Issue Price”) for the Series A Bonds is the price at which a substantial amount of the Series A Bonds is first sold to the public. The Issue Price of the Series A Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Series A Bonds who dispose of Series A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series A Bonds in the initial public offering, but at a price different from the Issue Price or purchase Series A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series A Bond is purchased at any time for a price that is less than the Series A Bond’s stated redemption price at maturity, the purchaser will be treated as having purchased a Series A Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series A Bonds.

An investor may purchase a Series A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Series A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax exempt bond. The amortized bond premium is treated as a reduction in the tax exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Series A Bonds. Investors who purchase a Series A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series A Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series A Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to

enactment. Prospective purchasers of the Series A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series A Bonds. If an audit is commenced, under current procedures the Service may treat the Successor Agency as a taxpayer and the Series A Bond owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Series A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Series A Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Series A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series A Bonds. Prospective purchasers of the Series A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Series A Bonds is set forth in APPENDIX B—FORMS OF OPINIONS OF BOND COUNSEL—Series A Bonds.

*Series B Bonds.* Interest on the Series b Bonds is includible in gross income of the owners of the Series B Bonds for federal income tax purposes.

In the opinion of Bond Counsel, interest on the Series B Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Series B Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series B Bonds. Prospective purchasers of the Series B Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Series B Bonds is set forth in APPENDIX B—FORMS OF OPINIONS OF BOND COUNSEL— Series B Bonds.

## UNDERWRITING

*Series A Bonds.* The Series A Bonds are being purchased by Gates Capital Corporation (the “Underwriter”). The Underwriter has agreed to purchase the Series A Bonds at a price of \$\_\_\_\_\_ (being the principal amount of the Series A Bonds of \$\_\_\_\_\_, less an Underwriter’s discount of \$\_\_\_\_\_, and plus a net original issue premium of \$\_\_\_\_\_). The Underwriter will purchase all of the Series A Bonds if any are purchased.

The Underwriter may offer and sell Series A Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

*Series B Bonds.* The Series B Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Series B Bonds at a price of \$\_\_\_\_\_ (being the principal amount of the Series B Bonds of \$\_\_\_\_\_, less an Underwriter’s discount of \$\_\_\_\_\_). The Underwriter will purchase all of the Series B Bonds if any are purchased.

The Underwriter may offer and sell Series B Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

## MUNICIPAL ADVISOR

Wulff Hansen & Co., San Francisco, California, has served as municipal advisor (the “Municipal Advisor”) to the Successor Agency in connection with the issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The fees of the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

## LEGAL OPINIONS

The final approving opinions of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, will be furnished to the purchaser at the time of delivery of the Bonds. The proposed forms of Bond Counsel’s final approving opinions with respect to the Bonds are attached hereto in APPENDIX B—FORMS OF OPINIONS OF BOND COUNSEL. Certain legal matters will be passed on for the Successor Agency by Quint & Thimmig LLP as Disclosure Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, will render certain opinions on behalf of the Successor Agency as counsel to the Successor Agency.

*Compensation paid to Bond Counsel and Disclosure Counsel is contingent upon the sale and delivery of the Bonds.*

## LITIGATION

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing. See, however, “RISK FACTORS—Challenges to Dissolution Act.”

## RATING

S&P is expected to assign the rating of “\_\_” (stable outlook) to the Bonds based on the issuance of the Municipal Bond Insurance Policies by the Municipal Bond Insurer at the time of delivery of the Bonds. See “MUNICIPAL BOND INSURANCE.” In addition, S&P has assigned the underlying rating of “\_\_\_” (stable outlook) to the Bonds without regard to the issuance of the Municipal Bond Insurance Policies. These ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of the S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

## CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency (the “Annual Report”) by not later than March 31 after the end of the Successor Agency’s fiscal year (the current end of the Successor Agency’s fiscal year is on June 30), commencing with the report for the 2015-16 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Successor Agency with the Municipal Securities Rulemaking Board (the “MSRB”). The notices of enumerated events will be filed by the Successor Agency with the MSRB. The specific nature of the information to be made available and to be contained in the notices of material events is summarized below under the caption APPENDIX D—FORMS OF CONTINUING DISCLOSURE CERTIFICATES. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c-12(b)(5) (the “Rule”).

The Former Agency previously entered into disclosure undertakings under the Rule in connection with the issuance of the Prior Bonds. [CONTINUING DISCLOSURE HISTORY]

## AUDITED FINANCIAL STATEMENTS

The City’s Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015 (the “City CAFR”) is attached as APPENDIX E—THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PORTERVILLE FOR THE FISCAL YEAR ENDED JUNE 30, 2015. The City CAFR includes the Successor Agency’s audited financial statements for the fiscal year ended June 30, 2015. The Successor Agency’s audited financial statements were audited by Gallina LLP, Roseville, California (the “Auditor”). The Auditor has not been asked to consent to the inclusion of the City CAFR in

this Official Statement and has not reviewed this Official Statement.

As described in “SECURITY FOR THE BONDS—Limited Obligation,” the Bonds are payable from and secured by a pledge of Tax Revenues and the Bonds are not a debt of the City. APPENDIX E—THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PORTERVILLE FOR THE FISCAL YEAR ENDED JUNE 30, 2015, is included in this Official Statement only because it includes the Successor Agency’s audited financial statements.

### MISCELLANEOUS

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

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

The execution and delivery of this Official Statement by its Executive Director has been duly authorized by the Successor Agency.

SUCCESSOR AGENCY TO THE  
PORTERVILLE REDEVELOPMENT  
AGENCY

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

**APPENDIX A**

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

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**APPENDIX B**  
**FORMS OF OPINIONS OF BOND COUNSEL**

**SERIES A BONDS**

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Successor Agency to the Porterville Redevelopment Agency  
291 North Main Street  
Porterville, California 93257-1266

Re:           \$ \_\_\_\_\_ \* Successor Agency to the Porterville Redevelopment Agency (Tulare County, California) Tax Allocation Refunding Bonds, Series 2016A

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Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Porterville Redevelopment Agency (the "Successor Agency"), of its \$ \_\_\_\_\_ \* Successor Agency to the Porterville Redevelopment Agency (Tulare County, California) Tax Allocation Refunding Bonds, Series 2016A (the "Bonds"), pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 et seq. of the California Government Code (collectively, the "Refunding Bond Law"), resolutions adopted by the Successor Agency on June 7, 2016, and \_\_\_\_\_, 2016, and an indenture of trust, dated as of November 1, 2016, by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Indenture").

In connection with this opinion, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Successor Agency is duly created and validly existing as a public body, corporate and politic, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture has been duly approved by the Successor Agency and constitutes a valid and binding obligation of the Successor Agency enforceable in accordance with its terms.
3. Pursuant to the Refunding Bond Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds on a parity with any Parity Debt that may be issued under and as such term is defined in the Indenture.
4. The Bonds have been duly authorized, executed and delivered by the Successor Agency and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.

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\* Preliminary, subject to change.

5. Subject to the Successor Agency's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

**SERIES B BONDS**

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Successor Agency to the Porterville Redevelopment Agency  
291 North Main Street  
Porterville, California 93257-1266

Re:           \$ \_\_\_\_\_ \* Successor Agency to the Porterville Redevelopment Agency (Tulare County, California) Taxable Tax Allocation Refunding Bonds, Series 2016B

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Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Porterville Redevelopment Agency (the “Successor Agency”), of its \$ \_\_\_\_\_ \* Successor Agency to the Porterville Redevelopment Agency (Tulare County, California) Taxable Tax Allocation Refunding Bonds, Series 2016B (the “Bonds”), pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 et seq. of the California Government Code (collectively, the “Refunding Bond Law”), resolutions adopted by the Successor Agency on June 7, 2016, and \_\_\_\_\_, 2016, and an indenture of trust, dated as of November 1, 2016, by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Indenture”).

In connection with this opinion, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Successor Agency is duly created and validly existing as a public body, corporate and politic, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture has been duly approved by the Successor Agency and constitutes a valid and binding obligation of the Successor Agency enforceable in accordance with its terms.
3. Pursuant to the Refunding Bond Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds on a parity with any Parity Debt that may be issued under and as such term is defined in the Indenture.
4. The Bonds have been duly authorized, executed and delivered by the Successor Agency and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.
5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

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\* Preliminary, subject to change.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

## APPENDIX D

### FORMS OF CONTINUING DISCLOSURE CERTIFICATES

#### SERIES A BONDS

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY (the “Successor Agency”) in connection with the issuance of \$ \_\_\_\_\_\* Successor Agency to the Porterville Redevelopment Agency (Tulare County, California) Tax Allocation Refunding Bonds, Series 2016A (the “Series A Bonds”). The Series A Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2016 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”). The Series A Bonds shall be secured by a pledge, charge and lien upon Tax Revenues (as such term is defined in the Indenture). The Successor Agency covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

“*Annual Report*” shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Beneficial Owner*” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series A Bonds (including persons holding Series A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series A Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean the \_\_\_\_\_ or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation. In the absence of such a designation, the Successor Agency shall act as the Dissemination Agent.

“*EMMA*” or “*Electronic Municipal Market Access*” means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

“*Listed Events*” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Participating Underwriter*” shall mean the original underwriter of the Series A Bonds required to comply with the Rule in connection with the offering of the Series A Bonds.

“*Rule*” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

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\* Preliminary, subject to change.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the owners and Beneficial Owners of the Series A Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The Successor Agency shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Successor Agency's fiscal year (which currently ends on June 30), commencing with the report for the 2015-16 Fiscal Year, which is due not later than March 31, 2017, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Successor Agency. If the Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file event shall have occurred and the Successor Agency irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report.

(d) *Report of Non-Compliance.* If the Successor Agency is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the Successor Agency shall send, in a timely manner, a notice to EMMA substantially in the form attached hereto as Exhibit A. If the Successor Agency is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send, in a timely manner, a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the Successor Agency for the preceding fiscal year, prepared in accordance with generally accepted accounting principles. If the Successor Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited financial statements of the Successor Agency, the Annual Report shall also include financial and operating data with respect to the Successor Agency for the current fiscal year, as follows:

[TO COME]

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on EMMA. The Successor Agency shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Successor Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

#### Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, give notice of the occurrence of any of the following events with respect to the Series A Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) *Material Reportable Events.* The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series A Bonds, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Series A Bonds under the Indenture.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Series A Bonds. If such termination occurs prior to the final maturity of the Series A Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Successor Agency, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the Successor Agency. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Series A Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Successor Agency shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Successor Agency.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Successor Agency from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination

Agent shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Successor Agency. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Successor Agency that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Series A Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Series A Bond owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Series A Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Series A Bond owners or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the Successor Agency shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Successor Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, any Certificate owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with their obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate was (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Trustee under the Indenture. The obligations of the Successor Agency under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Series A Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Series A Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

SUCCESSOR AGENCY TO THE PORTERVILLE  
REDEVELOPMENT AGENCY

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

ACKNOWLEDGED:

\_\_\_\_\_, as Dissemination Agent

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

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Successor Agency to the Porterville Redevelopment Agency  
Names of Issue: Successor Agency to the Porterville Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016A  
Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issues as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

\_\_\_\_\_, as Dissemination Agent

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

## SERIES B BONDS

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY (the “Successor Agency”) in connection with the issuance of \$ \_\_\_\_\_\* Successor Agency to the Porterville Redevelopment Agency (Tulare County, California) Taxable Tax Allocation Refunding Bonds, Series 2016B (the “Series B Bonds”). The Series B Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2016 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”). The Series B Bonds shall be secured by a pledge, charge and lien upon Tax Revenues (as such term is defined in the Indenture). The Successor Agency covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

“*Annual Report*” shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Beneficial Owner*” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series B Bonds (including persons holding Series B Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series B Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean the \_\_\_\_\_ or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation. In the absence of such a designation, the Successor Agency shall act as the Dissemination Agent.

“*EMMA*” or “*Electronic Municipal Market Access*” means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

“*Listed Events*” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Participating Underwriter*” shall mean the original underwriter of the Series B Bonds required to comply with the Rule in connection with the offering of the Series B Bonds.

“*Rule*” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the owners and Beneficial Owners of the Series B Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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\* Preliminary, subject to change.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The Successor Agency shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Successor Agency's fiscal year (which currently ends on June 30), commencing with the report for the 2015-16 Fiscal Year, which is due not later than March 31, 2017, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Successor Agency. If the Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file event shall have occurred and the Successor Agency irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report.

(d) *Report of Non-Compliance.* If the Successor Agency is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the Successor Agency shall send, in a timely manner, a notice to EMMA substantially in the form attached hereto as Exhibit A. If the Successor Agency is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send, in a timely manner, a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the Successor Agency for the preceding fiscal year, prepared in accordance with generally accepted accounting principles. If the Successor Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited financial statements of the Successor Agency, the Annual Report shall also include financial and operating data with respect to the Successor Agency for the current fiscal year, as follows:

[TO COME]

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on EMMA. The Successor Agency shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Successor Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

#### Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, give notice of the occurrence of any of the following events with respect to the Series B Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) *Material Reportable Events.* The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series B Bonds, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Series B Bonds under the Indenture.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Series B Bonds. If such termination occurs prior to the final maturity of the Series B Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Successor Agency, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the Successor Agency. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Series B Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Successor Agency shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Successor Agency.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Successor Agency from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination

Agent shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Successor Agency. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Successor Agency that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Series B Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series B Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Series B Bond owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Series B Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Series B Bond owners or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the Successor Agency shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Successor Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, any Certificate owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with their obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate was (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Trustee under the Indenture. The obligations of the Successor Agency under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Series B Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Series B Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

SUCCESSOR AGENCY TO THE PORTERVILLE  
REDEVELOPMENT AGENCY

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

ACKNOWLEDGED:

\_\_\_\_\_, as Dissemination Agent

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

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Successor Agency to the Porterville Redevelopment Agency  
Names of Issue: Successor Agency to the Porterville Redevelopment Agency Tax Allocation Refunding Bonds, 2016 Series B  
Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issues as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

\_\_\_\_\_, as Dissemination Agent

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

## **APPENDIX E**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PORTERVILLE FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The Auditor was not requested to consent to the inclusion of its report in this Appendix E and it has not undertaken to update financial statements included in this Appendix E. No opinion is expressed by the Auditor with respect to any event subsequent to its report.

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## APPENDIX F

### CITY OF PORTERVILLE AND TULARE COUNTY SUPPLEMENTAL INFORMATION

*The following information concerning the City of Porterville and Tulare County is included only for the purpose of supplying general information regarding the community. **The Bonds are not a debt of the City, County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.***

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

#### **Introduction**

*The City.* The City of Porterville (the “City”) was incorporated in 1902 and is located in Tulare County, California (the “County”). The City occupies a land area of 17.7 square miles. The City is located on the Tule River at the base of the western foothills of the Sierra Nevada and eastern most section of California’s Central Valley. The City is located on State Highway 65, 165 miles north of Los Angeles, 171 miles east of the Pacific Coast. The City has a strategic central location to major markets and a ready access to major transportation routes

*The County.* Founded in 1852, Tulare County is located in California’s San Joaquin Valley, a large agriculturally rich basin that runs through the center of the State. The County seat is Visalia. The county is named for Tulare Lake, once the largest freshwater lake west of the Great Lakes. Drained for agricultural development, the site is now in Kings County, which was created in 1893 from the western portion of the formerly larger Tulare County.

The County is the top agricultural producing county in the nation. It is surrounded by Fresno County to the north, Inyo County to the east, Kern County to the south and Kings County to the west. Almost half of the entire county area is devoted to national parks and forests, including the famous Sequoia and Kings Canyon National Parks, Inyo and Sequoia National Forests. These natural resources provide year-round recreational opportunities for hiking, fishing, skiing and camping.

## Population

The table below summarizes population figures of the City, the County and the State of California for the past five years.

### CITY OF PORTERVILLE, TULARE COUNTY and CALIFORNIA Population

Year	City of Porterville	Tulare County	State of California
2012	55,476	450,672	37,881,357
2013	56,359	455,045	38,239,207
2014	56,686	458,765	38,567,459
2015	57,039	461,589	38,907,642
2016	60,070	466,339	39,255,883

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2011-2016, with 2010 Census Benchmark.

## Employment

The County is part of the Visalia-Porterville Metropolitan Statistical Area (the “MSA”). The following table summarizes the historical numbers of workers by industry in the MSA for the last five years:

### VISALIA-PORTERVILLE MSA (TULARE COUNTY) Labor Force and Industry Employment Annual Averages by Industry

	2011	2012	2013	2014	2015 <sup>(1)</sup>
Total, All Industries	144,800	144,200	148,600	149,600	157,000
Total Farm	36,400	33,700	35,100	34,900	38,700
Mining, Logging, and Construction	3,900	4,000	4,200	4,500	4,900
Manufacturing	11,200	11,300	11,600	12,000	12,200
Wholesale Trade	3,600	3,700	3,900	3,800	3,900
Retail Trade	15,100	15,700	16,500	16,900	17,300
Transportation, Warehousing & Utilities	5,600	6,100	6,400	6,400	6,800
Information	1,000	900	900	900	1,000
Financial Activities	3,800	3,800	3,800	3,900	4,100
Professional & Business Services	9,400	9,600	9,900	9,200	9,700
Educational & Health Services	12,400	12,100	13,300	13,700	13,700
Leisure & Hospitality	8,900	9,500	10,000	10,600	11,100
Other Services	3,100	3,100	3,200	3,300	3,400
Government	30,600	30,600	30,000	29,500	30,300

Source: California Employment Development Department, based on February 2015 benchmark.

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor/management trade disputes. Employment reported by place of work. Items may not add to totals due to independent rounding.

(1) Last available full year data.

The following table summarizes historical employment and unemployment for the County, the State of California and the United States:

**TULARE COUNTY, CALIFORNIA, and UNITED STATES**  
**Civilian Labor Force, Employment, and Unemployment**  
**(Annual Averages)**  
**2011-2015**

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate <sup>(1)</sup>
2011	Tulare County	203,500	168,700	34,800	1731%
	California	18,419,500	16,260,100	2,159,400	11.7
	United States	153,617,000	139,869,000	13,747,000	8.9
2012	Tulare County	201,600	169,000	32,600	16.2
	California	18,554,800	16,630,100	1,924,700	10.4
	United States	154,975,000	142,469,000	12,506,000	8.1
2013	Tulare County	201,500	172,600	28,900	14.4
	California	18,671,600	17,002,900	1,668,700	8.9
	United States	155,389,000	143,929,000	11,460,000	7.4
2014	Tulare County	199,300	173,200	26,100	13.1
	California	18,811,400	17,397,100	1,414,300	7.5
	United States	155,922,000	146,305,000	9,617,000	6.2
2015 <sup>(2)</sup>	Tulare County	203,400	179,700	23,700	11.7
	California	18,981,800	17,798,600	1,183,200	6.2
	United States	157,130,000	148,834,000	146,411,000	5.3

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-2015, and US Department of Labor.

- (1) The unemployment rate is computed from unrounded data, therefore, it may differ from rates computed from rounded figures available in this table.
- (2) Latest available full-year data.

## Major Employers

The following table lists the top 10 employers within the County as of June 30, 2015.

### TULARE COUNTY Top 10 Employers as of June 30, 2015

<u>Employer</u>	<u>Employees</u>	<u>% of Total County Employment</u>
County of Tulare	4,776	2.72%
Kaweah Delta Healthcare District	2,000	1.14
Sierra View District Hospital	1,800	1.02
Ruiz Food Products	1,800	1.02
Walmart Distribution	1,692	.96
Porterville Development Center	1,300	.74
College of Sequoias	1,160	.66
Jostens	720	.41
CIGNA Healthcare	700	.40
Monrovia Nursery	600	.34
Total Top 10	16,548	9.41

Source: Tulare County 2015 CAFR.

## Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

### CITY OF PORTERVILLE Building Permits and Valuation (Dollars in Thousands)

	2011	2012	2013	2014	2015
<u>Permit Valuation:</u>					
New Single-family	9,864	6,850	8,275	5,468	12,767
New Multi-family	-	-	-	19,684	-
Res. Alterations/Additions	2,413	1,246	904	1,320	1,161
Total Residential	12,277	8,097	9,180	26,472	13,929
Total Nonresidential	7,215	3,304	41,325	28,447	11,833
Total All Building	19,493	11,402	50,505	54,920	25,763
<u>New Dwelling Units:</u>					
Single Family	50	31	39	28	57
Multiple Family	-	-	-	248	-
Total	50	31	39	276	57

### TULARE COUNTY Building Permits and Valuation (Dollars in Thousands)

	2011	2012	2013	2014	2015
<u>Permit Valuation:</u>					
New Single-family	124,334	88,018	171,844	177,971	242,048
New Multi-family	10,636	6,775	6,959	23,630	14,041
Res. Alterations/Additions	36,917	13,736	11,590	14,034	14,690
Total Residential	171,888	108,531	190,394	215,636	270,780
Total Nonresidential	131,281	107,928	403,981	125,458	148,963
Total All Building	303,170	216,459	594,375	341,094	419,743
<u>New Dwelling Units:</u>					
Single Family	721	530	843	847	1,129
Multiple Family	138	111	60	296	132
Total	859	641	903	1,143	1,261

Source: Construction Industry Research Board: "Building Permit Summary."

Note: Totals may not add due to independent rounding.

## Commercial Activity

Taxable sales in the City and the County for the five most recent calendar years are shown below. Beginning in 2009, reports summarize taxable sales and permits using the NAICS codes. As a result of the coding change, however, industry-level data for 2009 is not comparable to that of prior years.

### CITY OF PORTERVILLE Taxable Sales (dollars in thousands)

	2010	2011	2012	2013	2014 <sup>(1)</sup>
Retail and Food Services					
Motor Vehicle and Parts Dealers	45,844	54,680	64,140	73,615	75,969
Home Furnishings and Appliance Stores	10,832	11,441	11,172	11,949	11,612
Bldg. Matrl. And Garden Equip. and Supplies	39,623	41,194	42,958	45,810	48,564
Food and Beverage Stores	27,109	29,023	31,216	27,680	28,282
Gasoline Stations	51,481	61,311	65,809	68,183	74,487
Clothing and Clothing Accessories Stores	11,135	9,252	16,066	17,573	17,849
General Merchandise Stores	102,892	106,910	105,010	106,234	104,677
Food Services and Drinking Places	49,878	51,584	55,483	56,683	61,814
Other Retail Group	23,401	26,148	28,182	28,918	30,501
Total Retail and Food Services	362,196	391,541	420,035	436,645	453,755
All Other Outlets	56,232	53,828	62,379	74,242	70,270
Total All Outlets	418,428	445,369	482,414	510,887	524,025

### TULARE COUNTY Taxable Sales (dollars in thousands)

	2010	2011	2012	2013	2014 <sup>(1)</sup>
Retail and Food Services					
Motor Vehicles and Parts Dealers	391,317	456,949	530,101	590,927	631,800
Furniture and Home Furnishings Stores	46,956	50,305	51,322	52,942	56,081
Electronics and Appliance Stores	265,250	307,473	272,085	230,859	251,498
Bldg Mtrl. and Garden Equip. and Supplies	265,155	296,559	298,763	308,281	333,292
Food and Beverage Stores	219,786	231,844	231,678	212,769	210,779
Health and Personal Care Stores	66,236	82,390	92,727	93,411	94,868
Gasoline Stations	495,585	627,941	666,872	686,860	690,828
Clothing and Clothing Accessories Stores	176,797	187,042	219,619	248,967	249,914
Sporting Goods, Hobby, Book and Music Stores	56,156	86,683	86,492	88,433	84,425
General Merchandise Stores	603,133	615,773	634,261	652,975	664,088
Miscellaneous Store Retailers	95,700	106,121	114,277	123,292	133,353
Nonstore Retailers	16,879	18,789	23,893	37,117	50,535
Food Services and Drinking Places	353,310	372,764	400,104	419,338	451,090
Total Retail and Food Services	3,072,261	3,440,634	3,622,196	3,746,171	3,902,553
All Other Outlets	1,424,619	1,613,087	1,877,165	2,042,413	2,248,116
Totals All Outlets	4,496,880	5,053,721	5,499,361	5,788,584	6,150,669

Source: California Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Note: Totals may not add up due to independent rounding.

(1) Last available full year data.

## Median Household Income

The following table summarizes the total effective buying income and the median household effective buying income for the City, the County, the State of California and the nation for the past five years.

### CITY OF PORTERVILLE, TULARE COUNTY STATE OF CALIFORNIA AND UNITED STATES Median Household Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2011	City of Porterville	533,538	31,336
	Tulare County	6,045,045	34,581
	California	814,578,457	47,062
	United States	6,438,704,663	41,253
2012	City of Porterville	672,733	31,168
	Tulare County	6,386,965	37,110
	California	864,088,827	47,307
	United States	6,737,867,730	41,358
2013	City of Porterville	689,643	33,566
	Tulare County	6,358,653	36,537
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Porterville	711,560	36,079
	Tulare County	6,301,258	36,706
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Porterville	709,915	35,580
	Tulare County	6,387,143	36,155
	California	981,231,666	53,589
	United States	7,757,960,399	46,738

Source: Nielsen, Inc.

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**APPENDIX G**  
**FISCAL CONSULTANT'S REPORT**

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**APPENDIX H**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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**SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY**  
**(Tulare County, California)**  
**Tax Allocation Refunding Bonds, Series 2016A**

\$ \_\_\_\_\_  
**SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY**  
**(Tulare County, California)**  
**Taxable Tax Allocation Refunding Bonds, Series 2016B**

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**BOND PURCHASE AGREEMENT**

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November 10, 2016

Successor Agency of the Porterville Redevelopment Agency  
 291 North Main Street  
 Porterville, CA 93257

Ladies and Gentlemen:

Gates Capital Corporation (the "Underwriter") offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Successor Agency of the Porterville Redevelopment Agency (the "Successor Agency"), which will be binding upon the Successor Agency and the Underwriter upon the acceptance hereof by the Successor Agency. This offer is made subject to its acceptance by the Successor Agency by execution of this Bond Purchase Agreement and its delivery to the Underwriter on or before 11:59 P.M., California time, on the date hereof.

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

1. *Purchase and Sale.*

Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Underwriter and the Underwriter hereby agrees to purchase from the Successor Agency for offering to the public, all (but not less than all) of (a) the \$\_\_\_\_\_ Successor Agency of the Porterville Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016A (the "2016A Bonds"), at the purchase price of \$\_\_\_\_\_ (being the principal amount of the Bonds of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_, and plus a net original issue premium of \$\_\_\_\_\_). As an accommodation to the Successor Agency, the Underwriter will pay, from the purchase price of the 2016A Bonds, the sum of \$\_\_\_\_\_ to \_\_\_\_\_ (the "Municipal Bond Insurer") as the premium for its municipal bond insurance policy issued for the 2016A Bonds (the "2016A Municipal Bond Insurance Policy") and the sum of \$\_\_\_\_\_ to the Municipal Bond Insurer as the premium for a portion of its reserve fund municipal bond insurance policy issued for the Bonds (hereinafter defined) (the "Reserve Fund Municipal Bond Insurance Policy"). The net

purchase proceeds of the 2016A Bonds in the amount of \$\_\_\_\_\_ will be delivered to the Trustee, on behalf of the Successor Agency.

Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Underwriter and the Underwriter hereby agrees to purchase from the Successor Agency for offering to the public, all (but not less than all) of (a) the \$\_\_\_\_\_ Successor Agency of the Porterville Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2016B (the "2016B Bonds" and, with the 2016A Bonds, the "Bonds"), at the purchase price of \$\_\_\_\_\_ (being the principal amount of the 2016B Bonds of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_). As an accommodation to the Successor Agency, the Underwriter will pay, from the purchase price of the 2016B Bonds, the sum of \$\_\_\_\_\_ to the Municipal Bond Insurer as the premium for its municipal bond insurance policy issued for the 2016B Bonds (the "2016B Municipal Bond Insurance Policy" and, with the 2016A Municipal Bond Insurance Policy, the "Municipal Bond Insurance Policies") and the sum of \$\_\_\_\_\_ to the Municipal Bond Insurer as the premium for a portion of the Reserve Fund Municipal Bond Insurance Policy. The net purchase proceeds of the 2016B Bonds in the amount of \$\_\_\_\_\_ will be delivered to the Trustee, on behalf of the Successor Agency.

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

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

The Bonds shall be dated the Closing Date and shall bear interest at the rates and shall mature on the dates and in the principal amounts, all as set forth in the attached Exhibit A. The Bonds are subject to redemption prior to maturity as set forth in the attached Exhibit A.

The 2016A Bonds are being issued for the purpose of (a) providing funds to the Successor Agency to refund, on a current basis, (i) the outstanding Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series A (Redevelopment Projects) (the "2008A Bonds"), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Tax Allocation Refunding Bonds, 2008 Series C (Housing Projects) (the "2008C Bonds"), to refinance low and moderate income housing activities within the City, of which \$965,000 principal amount remains outstanding, (b) pay a portion of the cost of the Reserve Fund Municipal Bond Insurance Policy, and (c) paying a portion of the the costs of issuing the Bonds.

The 2016B Bonds are being issued for the purpose of (a) providing funds to the Successor Agency to refund, on a current basis, (i) the outstanding Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series B (Redevelopment Projects) (the "2008B Bonds"), to refinance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$1,885,000 principal amount remains outstanding, and (ii) the outstanding Porterville Redevelopment Agency, Porterville Redevelopment Project No. 1, Taxable Tax Allocation Refunding Bonds, 2008 Series D (Housing Projects) (the "2008D Bonds" and, with the 2008A Bonds, the 2008B Bonds and the 2008C Bonds, the "2008 Bonds"), to refinance low and moderate income housing activities within the City, of which \$575,000 principal amount remains outstanding, (b) pay a portion of the cost of the Reserve Fund Municipal Bond Insurance Policy, and (c) paying a portion of the costs of issuing the Bonds.

The Bonds are being issued under and pursuant to that certain Indenture of Trust, dated as of November 1, 2016 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"), and are special, limited obligations of the Successor Agency, payable from, and secured by a lien on Tax Revenues.

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

Pursuant to an escrow agreement (the "Escrow Agreement"), by and between the Successor Agency and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), provision will be made for the redemption of the 2008 Bonds in full on December \_\_, 2016, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to such date.

Issuance of the Bonds is authorized by a resolution of the Successor Agency, adopted on June 7, 2016 (the "Successor Agency Resolution"), and a resolution of the Oversight Board of the Successor Agency of the Porterville Redevelopment Agency, adopted on June 16, 2016 (the "Oversight Board Resolution").

2. *Bona Fide Public Offering.* The Underwriter agrees to make a bona fide public offering of all of the Bonds, at prices not in excess of the initial public offering yields or prices set forth on the cover page of the Official Statement. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices; provided, however, that the Underwriter may offer a portion of the Bonds for sale to selected dealers who are members of the Financial Industry Regulatory Authority and who agree to resell the Bonds to the public on terms consistent with this Bond Purchase Agreement, and the Underwriter reserves the right to change such offering prices or yields as the Underwriter shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices or at yields higher than the initial yields set forth on Exhibit A attached hereto. The Underwriter also reserves the right to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. None of such activities shall affect the principal amounts, maturity dates, interest rates, redemption or other provision of the Bonds or the amount to be paid by the Underwriter to the Successor Agency for the Bonds.

3. *Official Statement.* The Successor Agency shall deliver or cause to be delivered to the Underwriter promptly after acceptance of this Bond Purchase Agreement copies of the Official Statement relating to the Bonds, dated the date hereof (the "Official Statement"). The Successor

Agency authorizes the Official Statement, including the cover page and Appendices thereto and the information contained therein, to be used in connection with the sale of the Bonds and ratifies, confirms and approves the use and distribution by the Underwriter for such purpose, prior to the date hereof, of the Preliminary Official Statement dated October 26, 2016 (the "Preliminary Official Statement"). The Successor Agency deems such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information allowed to be omitted by Rule 15c2-12. The Successor Agency also agrees to deliver to the Underwriter, at the Successor Agency's sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The Successor Agency agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof.

The Underwriter agrees to promptly file a copy of the final Official Statement, including any supplements prepared by the Successor Agency, with a nationally recognized municipal securities information repository, and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers thereof.

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

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

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

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

(d) The information contained in the Preliminary Official Statement (excluding therefrom for any information relating to the Municipal Bond Insurer, the Municipal Bond Insurance Policy, the Reserve Fund Municipal Bond Insurance Policy, DTC and its book-entry system included therein and the information therein under the caption "UNDERWRITING") is true and correct in all material respects, and the Preliminary Official Statement did not on the date thereof contain any untrue or misleading

statement of a material fact relating to the Successor Agency or the City or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

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

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

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

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

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

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

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

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

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

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

(p) Except as described in the Preliminary Official Statement and the Official Statement, and based on a review of their previous undertakings, neither the Former Agency nor the Successor Agency has failed, within the last five years, to comply in all material respects with any undertaking of the Successor Agency or the Former Agency, respectively, pursuant to Rule 15c2-12.

(q) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information herein, in the light of the circumstances under which it was presented, not misleading, the Successor Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Successor Agency, or respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For

the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Successor Agency will furnish such information with respect to itself as the Underwriters may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Successor Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be the Closing Date.

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

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

(t) The Department of Finance of the State (the "Department of Finance") has issued a letter, dated August 12, 2016, approving the issuance of the Bonds. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement. The Successor Agency has received its Finding of Completion from the Department of Finance.

(u) As of the time of acceptance hereof and as of the Closing Date, the Successor Agency has complied with the filing requirements of the Law, including, without limitation, the filing of all Recognized Obligation Payment Schedules as required by law, as well as sections 33080 to 33080.6 of the Law.

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

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

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

(c) The Successor Agency will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause

the interest on the Bonds to be includable in gross income for federal income tax purposes.

6. *Closing.* On November 29, 2016, or at such other date and times as shall have been mutually agreed upon by the Successor Agency and the Underwriter (the "Closing Date"), the Successor Agency will deliver or cause to be delivered the Bonds to the Underwriter, and the Successor Agency shall deliver or cause to be delivered to the Underwriter the certificates, opinions and documents hereinafter mentioned, each of which shall be dated as of the Closing Date. The activities relating to the execution and delivery of the Bonds, opinions and other instruments as described in Section 7 of this Bond Purchase Agreement shall occur on the Closing Date. The delivery of the certificates, opinions and documents as described herein shall be made at the offices Quint & Thimmig LLP, in Larkspur, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the Successor Agency and the Underwriter. Such delivery is herein called the "Closing."

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

At or before 8:00 a.m., Pacific Daylight time, on the Closing Date, the Successor Agency will deliver, or cause to be delivered, the Bonds to DTC, in definitive form duly executed and authenticated by the Trustee, and the Underwriter will pay the Purchase Price of the Bonds by delivering to the Trustee, for the account of the Successor Agency a wire transfer in federal funds of the Purchase Price payable to the order of the Trustee.

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

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

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

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

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

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

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

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

(iv) an opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, in the form attached to the Official Statement as APPENDIX E—FORM OF OPINION OF BOND COUNSEL, accompanied by a letter of Bond Counsel to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

(v) a certificate, dated the Closing Date, of the Successor Agency executed by the Executive Director (or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution of the Successor Agency) to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Successor Agency or, to the knowledge of the Successor Agency, threatened against or affecting the Successor Agency to restrain or enjoin the Successor Agency's participation in, or in any way contesting the existence of the Successor Agency or the powers of the Successor Agency with respect to, the transactions contemplated by this Bond Purchase Agreement, the Escrow Agreement or the Indenture, and consummation of such transactions; and (B) the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement are true and correct in all material respects, and the Successor Agency has complied with all agreements and covenants and satisfied all conditions to be satisfied at or prior to the Closing Date as contemplated by the Indenture and this Bond Purchase Agreement, provided that all references to the Preliminary Official Statement shall be to the Official Statement;

(vi) an opinion of the \_\_\_\_\_, as counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Underwriter to the effect that:

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

(B) the Successor Agency has full legal power and lawful authority to enter into the Indenture, the Escrow Agreement, the Disclosure Certificate and this Bond Purchase Agreement;

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

(D) the Indenture, the Escrow Agreement, the Disclosure Certificate and this Bond Purchase Agreement have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other parties

thereof, constitute the valid, legal and binding agreements of the Successor Agency enforceable in accordance with their terms;

(E) The information in the Official Statement under the captions "SECURITY FOR THE BONDS," "THE REDEVELOPMENT PROJECT," FINANCIAL INFORMATION, and "THE SUCCESSOR AGENCY," insofar as such statements purport to summarize information with respect to the Successor Agency and its Tax Sharing Agreements, fairly and accurately summarizes the information presented therein; and

(F) Except as otherwise disclosed in the Official Statement, there is no litigation, action, suit, proceeding or investigation (or any basis therefor) at law or in equity before or by any court, governmental agency or body, pending by way of a summons served against the Successor Agency or, to our knowledge, threatened against the Successor Agency, challenging the creation, organization or existence of the Successor Agency, or the validity of the Indenture, the Escrow Agreement, the Disclosure Certificate or this Bond Purchase Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby or contesting the authority of the Successor Agency to enter into or perform its obligations under the Indenture, the Escrow Agreement, the Disclosure Certificate or this Bond Purchase Agreement, or under which a determination adverse to the Successor Agency would have a material adverse effect upon the availability of Tax Revenues, or which, in any manner, questions the right of the Successor Agency to enter into, and perform under, the Indenture, the Escrow Agreement, the Disclosure Certificate or this Bond Purchase Agreement;

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

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

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

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

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

(A) The Escrow Bank is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the obligations under the Escrow Agreement;

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

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

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

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

transactions contemplated by the Escrow Agreement or any other agreement, document or certificate related to such transactions;

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

(A) this Bond Purchase Agreement, the Escrow Agreement, the Debt Service Reserve Agreement, dated the Closing Date, by and between the Municipal Bond Insurer and the Successor Agency, and the Disclosure Certificate have been duly authorized, executed and delivered by the Successor Agency, and assuming the valid execution and delivery by the other parties thereto, are valid and binding upon the Successor Agency, subject to the laws relating to bankruptcy, insolvency, reorganization of creditors' rights generally and to the application of equitable principles;

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

(C) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS," and "LEGAL MATTERS—Tax Matters" and in "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE and in APPENDIX E—FORM OF OPINION OF BOND COUNSEL are accurate insofar as such statements purport to expressly summarize certain provisions of the Bonds, the Indenture and Bond Counsel's opinion concerning federal tax matters relating to the Bonds;

(xii) a letter of Quint & Thimmig LLP, as disclosure counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Underwriter stating that based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom for any information relating to the Municipal Bond Insurer, the Municipal Bond Insurance Policy, the Reserve Fund Municipal Bond Insurance Policy, DTC and its book-entry system included therein, the information therein under the caption "UNDERWRITING" and the reports, financial and statistical data and forecasts therein, the information included in the Appendices thereto, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

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

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

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

(xvi) specimen Bonds;

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

(xviii) a copy of the Municipal Bond Insurance Policy;

(xix) a copy of the Reserve Fund Municipal Bond Insurance Policy;

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

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

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

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

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

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

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

(xxii) satisfactory evidence that the Bonds have been rated assigned the underlying rating of “\_\_” from Standard & Poor's Ratings Services and that the Bonds have been assigned the insured rating of “AA” by Standard & Poor's Ratings Services;

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

(xxiv) a defeasance opinions of Bond Counsel with respect to the 2005 Bonds, dated the Closing Date and addressed to the Successor Agency, the Trustee, the Escrow Bank and the Underwriter, in form and substance satisfactory to the Underwriter;

(xxv) A certificate of Fraser & Associates, as Fiscal Consultant, dated the date of the Closing, in form and substance acceptable to the Underwriter,

consenting to the inclusion of such firm's Fiscal Consultant's Report in the Preliminary Official Statement and the Official Statement, and certifying as to the accuracy of APPENDIX C—FISCAL CONSULTANT'S REPORT and the information in the Official Statement under the caption "THE REDEVELOPMENT PROJECT" attributed to the Fiscal Consultant, and stating that to the best of such firm's knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm's attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report and information attributed to the Fiscal Consultant contained in the Official Statement;

(xxvi) A certificate of Wulff Hansen & Co., as Municipal Advisor, dated the date of the Closing, confirming satisfaction of the savings requirements set forth in section 34177.5(a) of the Dissolution Act and that the Savings Parameters have been achieved, as required by Oversight Board Resolution; and

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

8. *Termination.* The Underwriter shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

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

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

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

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

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

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

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

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

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

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

(k) any downgrade or placement on credit watch of any rating on the Bonds; or

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

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

10. *Duration of Representations, Warranties, Agreements and Covenants.* All representations, warranties, agreements and covenants of the Successor Agency shall remain operative and in

full force and effect, regardless of any investigations made by or on behalf of the Underwriter or the Successor Agency and shall survive the Closing Date.

11. *Expenses.* The Successor Agency will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, mailing or delivery of the Bonds, costs of printing the Bonds, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto, the fees and disbursements of Bond Counsel, Disclosure Counsel, and counsel to the Successor Agency, the fees and expenses of the Successor Agency's accountants and fiscal consultants, fees of the Financial Advisor, any fees charged by investment rating agencies for the rating of the Bonds, the premiums to be paid to the Municipal Bond Insurer and fees of the Trustee and the Escrow Bank. In the event this Bond Purchase Agreement shall terminate because of the default of the Underwriter, the Successor Agency will, nevertheless, pay, or cause to be paid, all of the expenses specified above. The Underwriter shall pay the fees and expenses of any counsel retained by it, all advertising expenses incurred in connection with the public offering of the Bonds, CDIA fees, CUSIP fees and all other expenses incurred by it in connection with the public offering and distribution of the Bonds, fees (including out-of-pocket expenses and related regulatory expenses).

12. *Notices.* Any notice or other communication to be given to the Successor Agency under this Bond Purchase Agreement may be given by delivering the same in writing to the City Manager, City of Porterville, 291 North Main Street, Porterville, CA 93257, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Gates Capital Corporation, 100 Park Avenue, 22nd Floor, New York, New York 10017, Attention: Mr. Douglas Casey, Managing Director.

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

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

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

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

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

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

Very truly yours,

GATES CAPITAL CORPORATION , as  
Underwriter

By \_\_\_\_\_  
Douglas Casey  
Managing Director

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

SUCCESSOR AGENCY OF THE  
PORTERVILLE REDEVELOPMENT AGENCY

By \_\_\_\_\_  
John D. Lollis  
Executive Director

Time of Execution: \_\_\_\_\_

**EXHIBIT A TO THE  
BOND PURCHASE AGREEMENT**

\$ \_\_\_\_\_  
**SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY  
(Madera County, California)  
Tax Allocation Refunding Bonds, Series 2016**

MATURITY SCHEDULE

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Reoffering Price	CUSIP Number
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REDEMPTION PROVISIONS

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

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

<u>Redemption Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>
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† Maturity.