



**CITY OF DESERT HOT SPRINGS**  
**SPECIAL MEETING OF THE**  
**RDA SUCCESSOR AGENCY OVERSIGHT BOARD**

**AGENDA**

**MARCH 1, 2017 – 4:00 P.M.**  
**MISSION SPRINGS WATER DISTRICT**  
**BOARD ROOM**  
**66575 2<sup>nd</sup> Street, Desert Hot Springs, California**

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**ROLL CALL**

**PLEDGE OF ALLEGIANCE**

**APPROVAL OF THE AGENDA**

**PUBLIC COMMENTS**

*At this time, pursuant to State law, any person may comment on an item, which is NOT on the agenda. PLEASE STATE YOUR NAME FOR THE RECORD.*

*Comments are limited to the first ten (10) speakers at three (3) minutes per speaker. All comments are to be directed to the RDA Successor Agency Oversight Board and shall be devoid of any personal attacks. Members of the public are expected to maintain a professional, courteous decorum during public comments.*

**DISCUSSIONS/PRESENTATIONS**

- 1. Approval of Sale of Parcel 639-251-031 of the Long Range Property Management Plan by the Department of Finance**  
*Administrative Services Director, Joseph M. Tanner*  
**Recommendation:** Receive and File

**ADMINISTRATIVE CALENDAR**

- 2. Approve First Amendment for Contract Agreement for the Continuation of Legal Services with Devaney Pate Morris and Cameron, LLP**  
*Administrative Services Director, Joseph M. Tanner*

**Recommendation:** Approve and Authorize the Desert Hot Springs Agency Chair to execute a First Amendment for Contract Legal Services Agreement between the City of Desert Hot Springs Successor Agency Oversight Board and Devaney Pate Morris and Cameron, LLC

**3. A Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs Approving and Directing the Issuance of Refunding Bonds, Making Certain Determinations with Respect to the Refunding Bonds and Providing Other Matters Relating Thereto.**

*Administrative Services Director, Joseph M. Tanner*

**Recommendation:** To Approve a Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs approving and directing the issuance of Refunding Bonds, making certain determination with respect to the refunding bonds and providing other matters relating thereto.

**BOARD MEMBER COMMENTS**

**ADJOURN REGULAR MEETING**

**NOTICES**

**Title 2**

In an effort to comply with the requirements of Title 2 of the Americans With Disabilities Act of 1990, the City of Desert Hot Springs requires that any person in need of any type of special equipment, assistance, or accommodation(s) in order to communicate at a City public meeting, must inform the City Clerk a minimum of 72 hours prior to the scheduled meeting to enable the City to make reasonable arrangements.

**SB 343**

In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item, and is distributed less than 72 hours prior to a regular meeting will be made available for public inspection in the Community Development Department at City Hall during normal business hours at 65950 Pierson Boulevard, Desert Hot Springs, CA 92240.

If, however, the document or writing is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting, as listed on this agenda at 66575 2nd, Desert Hot Springs, CA 92240.

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**REPORT TO THE RDA SUCCESSOR AGENCY OVERSIGHT BOARD**

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**DATE:** March 1, 2017

**TITLE:** Approval of Sale of Parcel 639-251-031 of the Long Range Property Management Plan by the Department of Finance

**Prepared by:** Linda Kelly, Finance Manager

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**RECOMMENDATION**

**Receive and File**

**DISCUSSION**

The City of Desert Hot Springs Successor Agency Oversight Board received notification from the Department of Finance stating that they were initiating a review of the Oversight Board Resolution 2017-002 pertaining to the sale of parcel number 639-251-031.

This is really an approval since they are not going forward with a review. Going forward this will be the type of notification that the Successor Agency Oversight Board will receive. They are stating that the Agency should dispose of their properties in accordance with their approved LRPMP.

Staff will work with the broker to open escrow and move the sale forward.

**FISCAL IMPACT**

None

**EXHIBIT(S)**

1. E-mail from Satveer Ark of the Department of Finance dated February 21, 2016.



Linda Kelly

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From: Ark, Satveer [Satveer.Ark@dof.ca.gov]  
 Sent: Tuesday, February 21, 2017 1:18 PM  
 To: Linda Kelly; Martín Magaña  
 Cc: Xu, Amy; Lor, Cindie  
 Subject: City of Desert Hot Springs Oversight Board Resolution No. 2017-002

Good Afternoon,

We are in receipt of your Oversight Board (OB) Resolution No. 2017-002 approving a purchase and sale agreement and joint escrow instructions.

Pursuant to Health and Safety Code section 34179 (h), the Department of Finance (Finance) may request a review of Oversight Board actions submitted to Finance. This email serves as notice that Finance is not initiating a review of OB Resolution No.

2017-002 approving the purchase and sale agreement and joint escrow instructions. The Agency's Long-Range Property Management Plan (LRPMP) was approved by Finance on May 5, 2015. Pursuant to HSC section 34191.5 (f), actions to implement the disposition of property pursuant to an approved LRPMP are no longer subject to Finance's review. Therefore, Finance will not be reviewing this OB resolution. The Agency should dispose of their properties in accordance with their approved LRPMP.

Thank you,

Satveer Ark

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Financial and Performance Evaluator | Office of State Audits and Evaluations | California Department of Finance  
 | ☎ 916 445-1546 ext 3715 | 📍 915 L Street - 10th floor, Sacramento, CA 95814



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**REPORT TO THE RDA SUCCESSOR AGENCY OVERSIGHT BOARD**

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**DATE: March 1, 2017****TITLE: Approve First Amendment for Contract Agreement for the Continuation of Legal Services with Devaney Pate Morris and Cameron, LLP****Prepared by: Linda Kelly, Finance Manager**

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**RECOMMENDATION**

**Approve and Authorize the Desert Hot Springs Agency Chair to execute a First Amendment for Contract Legal Services Agreement between the City of Desert Hot Springs Successor Agency Oversight Board and Devaney Pate Morris and Cameron, LLC.**

**BACKGROUND**

In April of 2016 the Successor Agency staff recommended that the Oversight Board approve and continue the services with the existing Oversight Board attorney Barry Schultz and his new firm Devaney Pate Morris and Cameron, LLP. At that time the contract term of the Agreement for legal services was from April 1, 2016 through May 31, 2017.

**DISCUSSION**

Mr. Schultz has been employed by the Oversight Board since the formation of this board.

Currently the board is very involved with the selling of the former Redevelopment Agency properties and the dissolution of the former Redevelopment Agency staff felt it beneficial to continue using the firm of Devaney Pate Morris and Cameron, in particular Mr. Schultz, because of his historical value and comprehensive work during this employment.

Eventually the County of Riverside will be taking over the "board requirements" from the local agencies, including the Oversight Board but until that does occur the Oversight Board will continue to need legal services.

**FISCAL IMPACT**

The Successor Agency has budgeted sufficient funding in the 2016-2017 and the 2017-2018 budget to cover the costs associated with legal services and will insure that the budget for 2018-2019 is sufficiently funded as well.

**EXHIBIT(S)**

1. First Amendment to Contract Services Agreement By and Between the City of Desert Hot Springs Successor Agency Oversight Board and Devaney Pate Morris and Cameron, LLC.
2. Original Contract for Legal Services with Devaney Pate Morris and Cameron, LLP.





**FIRST AMENDMENT TO CONTRACT SERVICES AGREEMENT  
BY AND BETWEEN  
THE CITY OF DESERT HOT SPRINGS SUCCESSOR AGENCY OVERSIGHT BOARD  
AND  
DEVANEY PATE MORRIS AND CAMERON, LLC**

THIS FIRST AMENDMENT TO CONTRACT SERVICES AGREEMENT BY AND BETWEEN THE CITY OF DESERT HOT SPRINGS URBAN FUTURES, INC. ("First Amendment"), is made and entered into as of the 1ST day of JUNE, 2017, by and between the City of Desert Hot Springs ("City"), and Devaney Pate Morris and Cameron, a Limited Partnership ("Consultant"), with the Successor Agency and Consultant sometimes together referred to herein as the "Parties."

**RECITALS**

**WHEREAS**, the Parties previously entered into that certain Contract Services Agreement Between the City of Desert Hot Springs Successor Agency and Devaney Pate Morris and Cameron, LLC. dated April 1, 2016 ("Agreement"), for Consultant to provide the City of Desert Hot Springs Successor Agency Oversight Board with services related to legal services; and

**WHEREAS**, the Parties desire to again continue the work and to expand the scope of services and to extend the Agreement term.

**NOW THEREFORE**, in consideration of the foregoing recitals and other good and valuable consideration the receipt and adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

**AGREEMENT**

**Section 1. RECITALS**

The Recitals set forth above are hereby incorporated into this First Amendment by this reference, as though fully set forth herein.

**Section 2. SECTION 1.1 TERM OF SERVICES**

Section 1.1 of the Agreement is hereby revised so that the term of the Agreement shall expire on June 30, 2019.

**Section 3. SECTION 2 COMPENSATION**

Section 2 of the Agreement is hereby states that the total dollar amount for the original Contract Agreement and the First Amendment to the Contract Agreement shall not exceed a grand total of \$30,000.00.

**Section 4. EXHIBIT "A"**

Exhibit "A" of the Agreement is hereby modified so that the scope of services, as set forth in Consultant's Proposal to Provide Contract Services dated June 1, 2017, attached hereto and incorporated herein by this reference as Exhibit "A," are added thereto.

**Section 5. ATTORNEY'S FEES**

In the event any action, suit or proceeding is brought for the enforcement of, or the declaration of any right or obligation pursuant to this First Amendment or as a result of any alleged breach of any provision of this First Amendment, the prevailing party in such suit or proceeding shall be entitled to recover its costs and expenses, including reasonable attorney's fees, and any judgment or decree rendered in such a proceeding shall include an award thereof.

**Section 6. COUNTERPARTS**

This First Amendment may be executed in several counterparts, each of which shall be deemed to be an original and shall constitute one and the same instrument and shall become binding upon the Parties when at least a copy hereof shall have been signed by the Parties hereto.

**Section 7. CONFLICTS**

In the event there exists any conflicts between the terms of this First Amendment and the Agreement, the terms of this First Amendment shall be superseding.

**Section 8. REMAINING PROVISIONS**

All other remaining terms and conditions of the Agreement and First Amendment shall remain unchanged.

**IN WITNESS WHEREOF**, the Parties hereto have caused this First Amendment to be executed as of the date first written above.

**CITY OF DESERT HOT SPRINGS**

**DEVANEY PATE MORRIS AND  
CAMERON, LLC**

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Russ Martin, Chair for the  
Successor Agency Oversight Board

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Barry Schultz

**ATTEST:**

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Doria Wilms, Deputy City Clerk for the  
Successor Agency Oversight Board

**APPROVED AS TO FORM:**

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Jennifer Mizrahi, City Attorney for the  
Successor Agency

**EXHIBIT "A"**

**SEE ATTACHED SHEET**

**Please refer to the original contract that was approved in April 2017.**

**PROFESSIONAL SERVICES AGREEMENT  
BY AND BETWEEN  
OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE OVERSIGHT BOARD OF  
DESERT HOT SPRINGS  
AND  
[DEVANEY PATE MORRIS AND CAMERON, LLP]**

This Professional Services Agreement ("Agreement") is made and entered into this 13<sup>th</sup> day of APRIL, 2016, by and between the Oversight Board for the Successor Agency to the Redevelopment Agency of the Oversight Board of Desert Hot Springs ("Oversight Board"), hereinafter referred to as the "Oversight Board," and Devaney Pate Morris and Cameron, LLP, a California limited partnership, hereinafter referred to as "Consultant."

**RECITALS:**

**WHEREAS**, the Oversight Board desires to utilize the services of Consultant, as an independent contractor, to perform legal advisory services to the Oversight Board as set forth in the Scope of Work attached as Exhibit A ("Services"); and

**WHEREAS**, Consultant represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

**NOW THEREFORE, IN CONSIDERATION OF THE COVENANTS, CONDITIONS AND PROMISES CONTAINED HEREIN AND FOR SUCH OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HERETO AGREE AS FOLLOWS:**

**Section 1.                      RECITALS**

The Recitals set forth above are true and correct and are hereby incorporated into this Agreement by this reference, as though set forth in full herein.

**Section 2.                      SCOPE OF SERVICES**

Consultant shall provide to the Oversight Board those Services as set forth in the Scope of Services, attached hereto as Exhibit "A" and incorporated herein by this reference, at the time, place, and in the manner specified therein, in a manner

satisfactory to the Oversight Board and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. In the event any conflict exists between this Agreement minus the Scope of Services, on the one hand, and the Scope of Services, on the other hand, the former shall supersede.

### **Section 3. COMPLETION DATE**

Consultant shall complete the services described in the Scope of Services during the term of this Agreement, which shall be effective as of April 1, 2016, and expire May 31, 2017.

### **Section 4. COMPENSATION**

The Oversight Board agrees to pay Consultant for and in consideration of the faithful performance of the consulting services and duties set forth in this Agreement, and Consultant agrees to accept from the Oversight Board, as and for compensation for the faithful performance of said services and duties, an amount not to exceed \$30,000 Thirty Thousand Dollars, in accordance with the Cost Proposal contained in the Scope of Services.

### **Section 5. METHOD OF PAYMENT**

a. Consultant shall submit invoices to the Oversight Board, not more often than once a month, describing the work performed. Consultant's bills shall include a brief description of the services performed, the date the services were performed, the number of hours spent and by whom, and a description of any reimbursable expenditures. The Oversight Board shall pay Consultant no later than thirty (30) days after approval of the invoice by Oversight Board staff provided that the services reflected in the invoice were performed to the reasonable satisfaction of the Oversight Board in accordance with the terms of this Agreement, that the number of hours of service set forth in the invoice reflect the amount of time ordinarily expended for such service by members of the profession currently practicing in the same locality under similar conditions, and that all expenses, rates and other information set forth in the invoice are consistent with the terms and conditions of this Agreement. Review and approval of invoice by Oversight Board staff will occur within thirty (30) calendar days of receipt of invoice via email.

b. The Consultant shall submit invoices under this Agreement to:

Linda Kelly, Program and Financial Specialist  
Oversight Board of Desert Hot Springs  
65950 Pierson Boulevard  
Desert Hot Springs, CA 92240

Telephone: 760-329-6411, ext. 289  
Facsimile: 760-288-0629  
Email: [Lkelly@cityofdhs.org](mailto:Lkelly@cityofdhs.org)

**Section 6. EXTRA WORK**

At any time during the term of this Agreement, the Oversight Board may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by the Oversight Board to be necessary for the proper completion of the Services, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform Extra Work without written authorization from the Oversight Board.

**Section 7. TERMINATION**

This Agreement may be terminated by the Oversight Board immediately for cause. The Oversight Board may terminate this Agreement without cause upon thirty (30) days' written notice of termination. Upon termination, Consultant shall be entitled to compensation for services performed up to the effective date of termination, provided that Consultant shall have satisfied all its obligations under this Agreement through and including the effective date of termination.

**Section 8. OWNERSHIP OF DOCUMENTS**

All plans, studies, documents and other writings prepared by and for Consultant, its officers, employees and agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the Oversight Board upon payment to Consultant for such work, and the Oversight Board shall have the sole right to use such materials in its discretion without further compensation to Consultant or to any other party. Consultant shall, at its expense, provide such reports, plans, studies, documents and other writings in pdf format to the Oversight Board upon written request.

**Section 9. CONFIDENTIALITY**

a. All ideas, memoranda, specifications, plans, procedures, drawings, photographs, descriptions, computer program data, input record data, written information, and other documents and data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without prior written consent of the Oversight Board, be used by Consultant for any purposes other than the performance of the services under this Agreement, nor shall such materials be disclosed to any person or entity not connected with the performance of the services under this Agreement.

Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential.

b. Consultant shall not use the Oversight Board's insignia or photographs relating to Consultant's Services, or any publicity pertaining to the Consultant's Services under this Agreement in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of the Oversight Board.

#### **Section 10. CONSULTANT'S BOOKS AND RECORDS**

a. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to the Oversight Board for a minimum period of three years, or for any longer period required by law, from the date of final payment to Consultant pursuant to this Agreement.

b. Consultant shall maintain all documents and records which demonstrate performance under this Agreement for a minimum of three years, or for any longer period required by law, from the date of termination or completion of this Agreement.

c. Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the Oversight Board Manager, Oversight Board Attorney, Oversight Board Auditor or a designated representative of these officers. Copies of such documents shall be provided to the Oversight Board for inspection at Oversight Board Hall when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at Consultant's address indicated for receipt of notices in this Agreement.

d. Where the Oversight Board has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of Consultant's business, the Oversight Board may, by written request of any of the above-named officers, require that custody of the records be given to the Oversight Board and that the records and documents be maintained at Oversight Board Hall. Access to such records and documents shall be granted to any party authorized by Consultant, Consultant's representatives, or Consultant's successor-in-interest.

#### **Section 11. INDEPENDENT CONTRACTOR'S STATUS: NOT AGENT OF THE OVERSIGHT BOARD**

Consultant shall at all times during the term of this Agreement remain, as to the Oversight Board, a wholly independent contractor and shall perform the services described in this Agreement as an independent contractor and further, hereby waives



any claims for any compensation or benefits afforded to Oversight Board employees and not to independent contractors. Neither the Oversight Board nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as herein set forth. Nothing contained in this Agreement shall be deemed, construed or represented by the Oversight Board or Consultant or by any third person to create the relationship of principal and agent and Consultant shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of the Oversight Board. Consultant shall have no authority, express or implied, to act on behalf of the Oversight Board in any capacity whatsoever as an agent, nor shall Consultant have any authority, express or implied, to bind the Oversight Board to any obligation whatsoever.

**Section 12. REPRESENTATIONS AND ACKNOWLEDGMENTS REGARDING INDEPENDENT CONTRACTOR'S STATUS OF CONSULTANT**

a. Consultant represents and acknowledges the following:

(1) The Oversight Board is not required to provide any training or legal counsel to Consultant or its employees in order for Consultant to perform the services described in this Agreement.

(2) Performance of the services described in this Agreement does not have to be integrated into the daily business operations of the Oversight Board.

(3) The services described in this Agreement can be performed without the use of Oversight Board equipment, materials, tools or facilities.

(4) Nothing in this Agreement shall be interpreted to imply that the Oversight Board must maintain any contractual relationship with Consultant on a continuing basis after termination of this Agreement.

(5) The Oversight Board will not be requested or demanded to assume any liability for the direct payment of any salary, wage or other such compensation to any person employed by Consultant to perform the services described in this Agreement.

(6) Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are employees of the Oversight Board.

b. The Oversight Board represents and acknowledges the following:

(1) Consultant is not required to comply with daily instructions from Oversight Board staff with respect to when, where or how Consultant must perform the services set forth in this Agreement.

(2) Consultant is solely responsible for determining who, under the supervision or direction of Consultant, will perform the services set forth in this Agreement.

(3) The Oversight Board will not hire, supervise or pay any assistants working for Consultant pursuant to this Agreement.

(4) Nothing in this Agreement shall be interpreted to imply that the Consultant must maintain any contractual relationship with the Oversight Board on a continuing basis after termination of this Agreement.

(5) It is the sole responsibility of Consultant to set the hours in which Consultant performs or plans to perform the services set forth in this Agreement.

(6) Consultant is not required to devote full time to the business operations of the Oversight Board in order to perform the services set forth in this Agreement.

(7) Consultant is not required to perform the services set forth in the Agreement in any particular order or sequence.

(8) Nothing in this Agreement shall be interpreted to preclude Consultant from working for other persons or firms, provided that such work does not create a conflict of interest.

(9) Consultant is not required to perform the Services at Oversight Board-owned property.

**Section 13. CIVIL CODE SECTION 1542 WAIVER (Cal PERS)**

Consultant expressly waives any and all rights and benefits conferred upon it by the provisions of section 1542 of the California Civil Code which reads as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

This waiver shall be effective as a bar to any and all actions, fees, damages, losses, claims, liabilities and demands of whatsoever character, nature and kind, that are known or unknown, or suspected or unsuspected, including, without limitation,

claims of entitlements under the California Public Employees' Retirement System ("CalPERS") that are only afforded to employees and not independent contractors. Consultant further represents and warrants that it understands this waiver and that if it does not understand this waiver, it shall seek the advice of a qualified attorney before executing this Agreement.

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Initials

#### **Section 14. CONFLICTS OF INTEREST**

a. Consultant (including principals, associates and professional employees) covenants and represents that it does not have any investment or interest in real property and shall not acquire any interest, direct or indirect, in the area covered by this Agreement or any other source or income, interest in real property or investment which would be affected in any manner or degree by the performance of Consultant's services hereunder. Consultant further covenants and represents that in the performance of its duties hereunder no person having any such interest shall perform any services under this Agreement.

b. Consultant is not a designated employee within the meaning of the Political Reform Act because Consultant:

- (1) Does not make or participate in:
  - (i) the making or any governmental decisions regarding approval of a rate, rule, or regulation, the adoption or enforcement of laws;
  - (ii) the issuance, denial, suspension or revocation of permits, licenses, applications, certificates, approvals, orders, or similar authorization or entitlement;
  - (iii) authorizing the Oversight Board to enter into, modify, or renew a contract;
  - (iv) granting the Oversight Board approval to a contract that requires Oversight Board approval and to which the Oversight Board is a party, or to the specifications for such a contract;
  - (v) granting the Oversight Board approval to a plan, design, report, study, or similar item; or

- (vi) adopting, or granting Oversight Board approval of, policies, standards, or guidelines for the Oversight Board or for any subdivision thereof.

(2) Does not serve in a staff capacity with the Oversight Board and in that capacity participate in making a governmental decision or otherwise perform the same or substantially all the same duties for the Oversight Board that would otherwise be performed by an individual holding a position specified in the Oversight Board's Conflict of Interest Code under Government Code Section 87302.

c. In the event the Oversight Board officially determines that Consultant must disclose its financial interests by completing and filing a Fair Political Practices Commission Form 700, Statement of Economic Interests, Consultant shall file the subject Form 700 with the Oversight Board Clerk's Office pursuant to the written instructions provided by the Office of the Oversight Board Clerk.

**Section 15. PROFESSIONAL ABILITY OF CONSULTANT; WARRANTY; FAMILIARITY WITH WORK; PERMITS AND LICENSES**

a. Consultant warrants that all services will be performed in a competent, professional and satisfactory manner in accordance with the standards prevalent in the industry for such services.

b. By executing this Agreement, Consultant warrants that:

- (1) it has thoroughly investigated and considered the work to be performed;
- (2) it has investigated the issues, regarding the scope of services to be provided;
- (3) it has carefully considered how the work should be performed; and
- (4) it fully understands the facilities, difficulties and restrictions attending performance of the work under this Agreement.

c. Should Consultant discover any latent or unknown conditions materially differing from those inherent in the work or as represented by the Oversight Board, it shall immediately inform the Oversight Board of such fact and shall not proceed except at Consultant's risk until written instructions are received from the Oversight Board Manager or appropriate Oversight Board representative.

d. Consultant represents that it and all of its subcontractors, if any, have obtained and will maintain at all times during the term of this Agreement all professional and/or business licenses, certifications and/or permits necessary for performing the services described in this Agreement, including a Oversight Board business license.

**Section 16. COMPLIANCE WITH LAWS**

Consultant shall comply with all local, state and federal laws and regulations applicable to the services required hereunder.

**Section 17. INDEMNIFICATION**

a. Consultant shall defend, indemnify and hold harmless the Oversight Board, its officers, officials, agents, employees and volunteers from and against any and all claims, demands, actions, losses, damage, injuries, and liability, direct or indirect (including any and all costs and expenses in connection therewith), arising out of the negligent acts, errors or omissions of Consultant or its officers, officials, agents, or employees in the performance of this Agreement, except for any such claim arising out of the sole negligence or willful misconduct of the Oversight Board, its officers, agents, employees or volunteers.

b. The Oversight Board does not, and shall not, waive any rights that it may have against Consultant under this Section because of the acceptance by the Oversight Board, or the deposit with the Oversight Board, of any insurance policy or certificate required pursuant to this Agreement. The hold harmless, indemnification and duty to defend provisions of this Section shall apply regardless of whether or not said insurance policies are determined to be applicable to the claim, demand, action, damage, liability, loss, cost or expense described herein.

c. Notwithstanding the provisions of subsections a. and b. of this section, Consultant shall not be responsible for damages or be in default or deemed to be in default by reason of delay caused by strikes, lockouts, accidents, or acts of God, or the failure of the Oversight Board to furnish timely information or to approve or disapprove Consultant's work promptly, or by reason of delay or faulty performance by the Oversight Board, construction contractors, or governmental agencies, or by reason of any other delays beyond Consultant's control, or for which Consultant is without fault.

d. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or CalPERS to be eligible for enrollment in CalPERS as an employee of the Oversight Board, Consultant shall indemnify, defend, and hold harmless Oversight Board for the payment of any employee and/or employer contributions for CalPERS benefits on behalf of Consultant or its employees, agents, or

subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of the Oversight Board.

## **Section 18. INSURANCE REQUIREMENTS**

a. Policies. Consultant, at Consultant's own cost and expense, shall procure and maintain, for the duration of this Agreement, the following insurance policies:

(1) Worker's Compensation Coverage. Consultant shall maintain Worker's Compensation Insurance and Employer's Liability Insurance for its employees in accordance with the laws of the State of California, of an amount not less than one million dollars (\$1,000,000) per accident. In addition, Consultant shall require each subcontractor to similarly maintain Worker's Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of California for all of the subcontractor's employees. If any class of employees employed by Consultant pursuant to this Agreement is not protected by the California State Worker's Compensation Law, Consultant shall provide adequate insurance for the protection of such employees to the satisfaction of the Oversight Board. This provision shall not apply if Consultant has no employees performing work under this Agreement. Consultant agrees to waive its statutory immunity under any worker's compensation or similar statute, as respecting the Oversight Board, and to require any and all subcontractors and any other person or entity involved in the Services to do the same.

(2) General Liability Coverage. Consultant shall maintain commercial general liability insurance in an amount not less than two million dollars (\$2,000,000) per occurrence, combined single limit coverage for bodily injury, personal injury and property damage associated with work contemplated in this Agreement. If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Consultant shall provide insurance on an occurrence, not claims-made basis. Consultant acknowledges and agrees that, for purposes of clarification with the intention of avoiding gaps in coverage with any umbrella or excess coverage, personal and advertising injury coverage shall be triggered by an "offense" while bodily injury and property damage coverage shall be triggered by an "occurrence" during the policy period. The coverage required in this paragraph shall provide at least as much coverage as that provided by ISO form CG 00 01 12 07 or any updated form thereof.

(3) Automobile Liability Coverage. Consultant shall maintain automobile liability insurance covering bodily injury, personal injury and property damage for all activities of the Consultant arising out of or in connection with the work to be performed under this Agreement, including coverage for owned, hired and non-owned vehicles, in an amount of not less than one million dollars (\$1,000,000)

combined single limit for each occurrence, and two million dollars (\$2,000,000) in the aggregate. As an alternative, Consultant shall be permitted to obtain a non-owned automobile endorsement to its comprehensive general liability insurance providing the same protection and coverage as though Consultant were to provide separate commercial vehicle liability insurance as set forth in this paragraph. The coverage required in this paragraph shall provide at least as much coverage as that provided by ISO form CA 00 01 or any updated form thereof.

(4) Professional Liability Coverage. Consultant shall maintain professional errors and omissions liability insurance for protection against claims alleging negligent acts, errors or omissions which may arise from Consultant's Services, whether such Services are performed by Consultant or by its employees, subcontractors, or sub-consultants, to the extent such persons other than Consultant are permitted to perform any of the Services under this Agreement. The amount of this insurance shall not be less than one million dollars (\$1,000,000) per claim, and two million dollars (\$2,000,000) in the aggregate.

b. Endorsements. Unless otherwise specified hereunder, each insurance policy required herein shall be with insurers possessing a Best's rating of no less than A:VII and shall be endorsed with the following specific language:

(1) Except for worker's compensation, errors and omissions, or professional liability coverage, the Oversight Board, its elected or appointed officers, employees, agents and volunteers are to be covered as additional insureds with respect to liability arising out of work performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work or operations.

(2) This policy shall be considered primary insurance as respects the Oversight Board, its elected or appointed officers, officials, employees, agents and volunteers. Any insurance maintained by the Oversight Board, including any self-insured retention the Oversight Board may have shall be considered excess insurance only and shall not contribute with it.

(3) This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.

(4) The insurer waives all rights of subrogation against the Oversight Board, its elected or appointed officials, officers, employees or agents.

(5) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Oversight Board, its elected or appointed officers, officials, employees, agents or volunteers.

(6) The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days written notice has been received by the Oversight Board.

c. Deductibles and Self-Insured Retentions. Consultant shall disclose to and obtain the approval of Oversight Board for any self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement. During the period covered by this Agreement, only upon the prior express written authorization of the Oversight Board Manager, Consultant may either reduce or eliminate such deductibles or self-insured retentions with respect to Oversight Board, its officers, employees, agents, and volunteers. The Oversight Board Manager may condition approval of any reduction or elimination in deductible or self-insured retention levels with a requirement that Consultant procure a bond, guaranteeing payment of losses and related investigations, claim administration, and defense expenses that is satisfactory in all respects to each of them.

d. Certificates of Insurance. Consultant shall provide certificates of insurance with original endorsements to the Oversight Board as evidence of the insurance coverage required herein. Certificates of such insurance shall be filed with the Oversight Board on or before commencement of performance of this Agreement. Current certification of insurance shall be kept on file with the Oversight Board at all times during the term of this Agreement.

e. Imposition of Insurance Requirements. Provided the Oversight Board gives its written consent for any persons other than Consultant to perform any part of the Services, Consultant agrees to require that all parties, including but not limited to subcontractors, architects, engineers or others with whom Consultant enters into contracts or whom Consultant hires or retains pursuant to or in any way related to the performance of this Agreement, provide the insurance coverage required herein, at minimum, and name as additional insureds the parties to this Agreement consistent with Section 18b(1) hereof. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this Section.

f. Maintain Coverages. In the event this Agreement is terminated for any reason prior to the completion of all obligations and requirements of this Agreement, Consultant agrees to maintain all coverages required herein until the Oversight Board provides written authorization to terminate the coverages following the Oversight Board's review and determination that all liability posed under this Agreement as to the party providing insurance has been eliminated.

g. Failure to Obtain Coverages. Consultant agrees and acknowledges that if it fails to obtain all of the insurance required in this Agreement in accordance with the requirements herein, or to obtain and ensure that the coverage required herein is



maintained by any subcontractors or others involved in any way with the performance of Services, to the extent such is permissible under this Agreement, Consultant shall be responsible for any losses, claims, suits, damages, defense obligations, or liability of any kind or nature attributable to the Oversight Board or its officers, employees, servants, volunteers, agents and independent contractors.

h. Notice of Cancellation or Reduction in Coverage. In the event that any coverage required in this Agreement is canceled, reduced, limited, or materially affected in any other manner, Consultant shall provide written notice to the Oversight Board either by telephone, facsimile and/or via certified mail, at Consultant's earliest possible opportunity and in no case later than fifteen (15) calendar days after Consultant is notified of the change in coverage.

## **Section 19. NOTICES**

a. Any notice to be provided pursuant to this Agreement shall be in writing, and all such notices shall be delivered by personal service or by deposit in the United States mail, certified or registered, return receipt requested, with postage prepaid, and addressed to the parties as follows:

To the Oversight Board:

Oversight Board of Desert Hot Springs  
65950 Pierson Boulevard  
Desert Hot Springs, CA 92240  
Telephone: \_\_\_\_\_, ext. \_\_\_\_  
Facsimile: \_\_\_\_\_  
Email: \_\_\_\_\_

To Consultant:

Devaney Pate Morris and Cameron, LLP  
2488 Historic Decatur Road, Suite 200  
San Diego, CA 92106  
attn: Barry J. Schultz  
Telephone: 619-354-5030  
Email: bschultz@dpmclaw.com

b. Notices, payments and other documents shall be deemed delivered upon receipt by personal service or as of the second (2nd) day after deposit in the United States mail.

## **Section 20. DEFAULT**

a. Failure or delay by any party to this Agreement to perform any material term or provision of this Agreement shall constitute a default under this Agreement; provided however, that if the party who is otherwise claimed to be in default by the other party commences to cure, correct or remedy the alleged default within fifteen (15) calendar days after receipt of written notice specifying such default and shall diligently complete such cure, correction or remedy, such party shall not be deemed to be in default hereunder.

b. The party which may claim that a default has occurred shall give written notice of default to the party in default, specifying the alleged default. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default; provided, however, the injured party shall have no right to exercise any remedy for a default hereunder without delivering the written default notice, as specified herein.

c. Any failure or delay by a party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any rights or remedies associated with a default.

d. In the event that a default of any party to this Agreement may remain uncured for more than fifteen (15) calendar days following written notice, as provided above, a "material breach" shall be deemed to have occurred. In the event of a material breach, the injured party shall be entitled to seek any appropriate remedy or damages as otherwise set forth herein and by initiating legal proceedings.

## **Section 21. REMEDIES**

If Consultant materially breaches any of the terms of this Agreement, the Oversight Board's remedies shall include, but shall not be limited to, the following:

- a. Immediately terminate the Agreement;
- b. Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to this Agreement;
- c. Retain a different consultant to complete the work described in the Scope of Services that is not finished by Consultant.

## **Section 22. ENTIRE AGREEMENT**

a. This Agreement supersedes any and all other agreements, either oral or written, between the Oversight Board and Consultant with respect to the subject matter of this Agreement.

b. This Agreement contains all of the covenants and agreements between the parties with respect to the subject matter of this Agreement, and each party to this Agreement acknowledges that no representations, inducements, promises, or agreements have been made by or on behalf of any party except those covenants and agreements embodied in this Agreement.

c. No agreement, statement, or promise not contained in this Agreement shall be valid or binding.

**Section 23. MODIFICATIONS AND AMENDMENTS**

This Agreement may be modified or amended only by a written instrument signed by both parties.

**Section 24. ASSIGNMENT AND SUBCONTRACTING**

a. The experience, knowledge, capability and reputation of Consultant, its principals and employees were a substantial inducement for the Oversight Board to enter into this Agreement. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the written consent of the Oversight Board.

b. Consultant shall not subcontract any portion of the work to be performed under this Agreement without the written consent of the Oversight Board. If the Oversight Board consents to such subcontract, Consultant shall be fully responsible to the Oversight Board for all acts or omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between the Oversight Board and subcontractor nor shall it create any obligation on the part of the Oversight Board to pay or to see to the payment of any monies due to any such subcontractor other than as required by law.

**Section 25. WAIVER**

a. No waiver shall be binding, unless executed in writing by the party making the waiver.

b. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any such waiver constitute a continuing or subsequent waiver of the same provision.

c. Failure of either party to enforce any provision of this Agreement shall not constitute a waiver of the right to compel enforcement of the remaining provisions of this Agreement.

**Section 26. SEVERABILITY**

If any one or more of the sentences, clauses, paragraphs or sections contained herein is declared invalid, void or unenforceable by a court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and shall not affect, impair or invalidate any of the remaining sentences, clauses, paragraphs or sections contained herein.

**Section 27. VENUE**

All proceedings involving disputes over the terms, provisions, covenants or conditions contained in this Agreement and all proceedings involving any enforcement action related to this Agreement shall be initiated and conducted in the applicable court or forum in Riverside County, California.

**Section 28. LITIGATION EXPENSES AND ATTORNEYS' FEES**

In the event any action, suit or proceeding is brought for the enforcement of, or the declaration of any right or obligation pursuant to this Agreement or as a result of any alleged breach of any provision of this Agreement, the prevailing party in such suit or proceeding shall be entitled to recover its costs and expenses, including reasonable attorney's fees, from the losing party, and any judgment or decree rendered in such a proceeding shall include an award thereof.

**Section 29. EXECUTION IN COUNTERPARTS**

This Agreement may be executed in several counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least a copy hereof shall have been signed by both parties hereto. In approving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

**Section 30. PROHIBITED INTERESTS**

Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the Oversight Board shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer, or employee of the Oversight Board, during the term of his or her service with

the Oversight Board, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

**Section 31.                    EQUAL OPPORTUNITY EMPLOYMENT**

Consultant represents that it is an equal opportunity employer and shall not discriminate against any subcontractor, employee, or applicant ("person") for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age or sexual orientation. Unless otherwise permitted under the law, Consultant shall not refuse to hire or employ any such person or refuse to select any such person for a training program leading to employment, or bar or discharge any such person from employment or from a training program leading to employment, or otherwise discriminate against any such person in compensation or in terms, conditions, or privileges of employment.

**Section 32.                    TIME OF THE ESSENCE**

Time is of the essence in the performance of this Agreement.

**Section 33.                    PRINCIPAL REPRESENTATIVES**

a.     Barry J. Schultz shall be Consultant's Principal Representative and the person responsible for undertaking, managing and supervising the performance of all of the services set forth in the Scope of Services for this Agreement. Consultant's Principal Representative's experience, knowledge, capability and reputation were a substantial inducement for the Oversight Board to enter into this Agreement, and as such, for the purposes of performing the Scope of Services of this Agreement, the duties of Consultant's Principal Representative shall not be reassigned, without the express written consent of both parties.

b.     The Martin Magana, Oversight Board Manager shall be the Principal Representative of the Oversight Board for purposes of communicating with Consultant on any matter associated with the performance of the services set forth in this Agreement.

**Section 34.                    NON-LIABILITY OF OVERSIGHT BOARD'S OFFICERS  
AND EMPLOYEES**

No officer or employee of the Oversight Board shall be personally liable to Consultant, or any successor in interest, in the event of any default or breach by the Oversight Board or for any amount which may become due to Consultant or to its successor, or for any breach of any obligation of the terms of this Agreement.

**Section 35. INTERPRETATION**

This Agreement shall not be interpreted against either party on the grounds that one of the parties was solely responsible for preparing it or caused it to be prepared as both parties were involved in drafting it.

**Section 36. PROTECTION AND CORRECTION OF WORK**

a. Consultant shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work performed by Consultant, and the equipment, materials, papers and other components thereof to prevent losses or damages.

b. The performance of services by Consultant shall not relieve Consultant from any obligation to correct any incomplete, inaccurate or defective work at no further cost to the Oversight Board, when such inaccuracies are due to the fault of Consultant.

**Section 37. CAPTIONS AND HEADINGS**

The captions and headings contained in this Agreement are provided for identification purposes only and shall not be interpreted to limit or define the content of the provisions described under the respective caption or heading.

**Section 38. GOVERNING LAW**

The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties under this Agreement, shall be construed pursuant to and in accordance with California law.

**Section 39. CUMULATIVE REMEDIES**

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

**Section 40. NO THIRD PARTY BENEFICIARIES**

The parties do not intend the benefits of this Agreement to inure to any third party, nor shall any provision of this Agreement be so construed.

**Section 41. OTHER GOVERNMENTAL REGULATIONS**

To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Consultant and any subcontractors shall comply with all applicable rules and regulations to which Oversight Board is bound by the terms of such fiscal assistance program.

**Section 42. REPRESENTATIONS OF PARTIES AND PERSONS EXECUTING AGREEMENT**

a. Each of the parties to this Agreement hereby represents that all necessary and appropriate actions of their governing bodies have been taken to make this Agreement a binding obligation of each of the parties hereto.

b. The persons executing this Agreement warrant that they are duly authorized to execute this Agreement on behalf of and bind the parties each purports to represent.

**Section 43. SUCCESSORS AND ASSIGNS**

The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the parties hereto.

**Section 44. SURVIVAL**

All obligations arising prior to any termination of this Agreement and all provisions of this Agreement allocating liability between the Oversight Board and Consultant shall survive any such termination.

**Section 45. FINGERPRINTING**

Consultant hereby acknowledges that it is required to be livescanned (fingerprinted) by the Oversight Board of Desert Hot Springs Police Department, at Consultant's expense, prior to execution of this Agreement. In the event Consultant does not do so prior to execution, Consultant agrees to do so immediately following execution hereof.

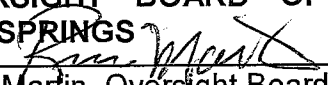
**Section 46. USE OF RECYCLED PRODUCTS**

Consultant shall prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.


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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

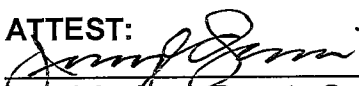
OVERSIGHT BOARD OF DESERT  
HOT SPRINGS

  
Russ Martin, Oversight Board Chair


[INSERT NAME OF PROFESSIONAL]

  
Barry J. Schultz, Partner  
Devaney Pate Morris and Cameron, LLP

ATTEST:

  
Jeryl Sorfano, Deputy Oversight  
Board Clerk

APPROVED AS TO FORM:

  
Steven B. Quintanilla, Successor  
Agency Attorney



**EXHIBIT "A"**  
**SCOPE OF SERVICES**

### **Exhibit A The Scope of Work**

The Oversight Board is seeking proposals from qualified, licensed, and insured attorneys to provide legal counsel. The successful proposer shall be the legal advisor to the Oversight Board responsible for advising the Board on issues related to the Brown Act, Public Records Act, Political Reform Act and particularly the California Community Redevelopment Law and the dissolution provisions set forth in *HSC* §§ 33500 *et seq.*, particularly those function of the Oversight Board set forth in *HSC* §§ 34179-34181.

Legal Counsel will be expected to perform a range of legal duties which may include, but is not limited to the following:

- Be present at all Oversight Board Meetings, providing Brown Act and other legal advice, as necessary;
- Provide legal advice regarding Oversight Board member duties, responsibilities and obligations;
- Provide legal advice and consultation on issues and actions before the Oversight Board;
- Provide legal advice and consultation to the Oversight Board regarding its relationship to and role with the Successor Agency;
- Provide legal opinions as requested by the Oversight Board on matters related to the duties of the Board;
- Ensure that the agenda and all supporting documents comply with the provisions of the Brown Act; and
- Other duties as necessary within the scope of the Oversight Board.

Please note that the preceding is not intended to be an all-inclusive listing of all of the legal issues that the Oversight Board may retain the successful proposer to provide, but is intended to be a representative listing of prospective duties and tasks.

**EXHIBIT B**

**AGREEMENT FOR  
LEGAL SERVICES BETWEEN THE OVERSIGHT BOARD FOR  
THE SUCCESSOR AGENCY TO THE REDEVELOPMENT  
AGENCY OF THE CITY OF DESERT HOT SPRINGS AND**

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THIS AGREEMENT for legal services is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2012, ("Effective Date") by and between the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs ("Oversight Board") and \_\_\_\_\_ ("Contractor").

**Section 1. SERVICES.** Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to the Oversight Board the services described in the Scope of Work attached as Exhibit A at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit A, the Agreement shall prevail.

- 1.1 Term of Services.** The term of this Agreement shall begin on the Effective Date and shall end on \_\_\_\_\_, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8.
- 1.2 Standard of Performance.** Contractor shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged in the geographical area in which Contractor practices its profession. Contractor shall prepare all work products required by this Agreement in a substantial, first-class manner and shall conform to the standards of quality normally observed by a person practicing in Contractor's profession.
- 1.3 Assignment of Personnel.** Contractor shall assign only competent personnel to perform services pursuant to this Agreement. In the event that the Oversight Board, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Contractor shall, immediately upon receiving notice from Oversight Board of such desire of Oversight Board, reassign such person or persons.
- 1.4 Time.** Contractor shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Section 1.2 above and to satisfy Contractor's obligations hereunder.

**Section 2. COMPENSATION.** Oversight Board hereby agrees to pay Contractor a fee set forth in Exhibit B, attached hereto and incorporated herein by reference, for all services under this Agreement. Oversight Board shall pay Contractor for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified in Exhibit B shall be the only payments from the Oversight Board to Contractor for services rendered pursuant to this Agreement. Contractor shall submit all invoices to the Oversight Board in the manner specified herein (invoices will be paid upon completion of services and delivery of invoice to the Oversight Board). Except as specifically authorized by Oversight Board, Contractor shall not bill Oversight Board for duplicate services performed by more than one person.

Contractor and the Oversight Board acknowledge and agree that compensation paid by the Oversight Board to Contractor under this Agreement is based upon Contractor's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Contractor. Consequently, the parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Contractor and its employees,



## REPORT TO THE RDA SUCCESSOR AGENCY OVERSIGHT BOARD

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**DATE:** March 1, 2017

**TITLE:** A Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs Approving and Directing the Issuance of Refunding Bonds, Making Certain Determinations with Respect to the Refunding Bonds and Providing Other Matters Relating Thereto.

**Prepared By:** Joseph M. Tanner, Administrative Services Director  
Michael Bush, Urban Futures, Incorporated, Consultant

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### RECOMMENDATION

**Approve a Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs approving and directing the issuance of Refunding Bonds, making certain determination with respect to the refunding bonds and providing other matters relating thereto.**

### BACKGROUND

The Redevelopment Agency to the City of Desert Hot Springs (the "Former Agency") issued the following tax allocation bonds for the purpose of financing and refinancing certain activities of the Former Agency:

- \$7,025,000 initial principal amount of Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Refunding Bonds, Series 2006 (the "Series 2006 Bonds");
- \$15,870,000 initial principal amount of Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008 A-2 (the "Series 2008 A-2 Bonds"); and
- \$5,635,000 initial principal amount of Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Issue of 2009 (the "Series 2009 Bonds")

Currently, there is \$2,025,000 of principal amount outstanding of the Series 2006 Bonds, \$15,870,000 of principal amount outstanding of the Series 2008 A-2 Bonds and \$4,945,000 of principal amount outstanding of the Series 2009 Bonds (in aggregate, \$22,840,000 outstanding).

The Successor Agency to the Redevelopment Agency to the City of Desert Hot Springs (the "Successor Agency") assumed responsibility of all debt management with respect to the Former Agency in 2012 in accordance with and pursuant to the Dissolution Act. Under California Health and Safety Code Section 34177.5, the Successor Agency may refinance outstanding bonds with approval from the Oversight Board and the California Department of Finance ("DOF"), provided that the total interest and principal amount, on the refunding bonds do not exceed that of the prior (outstanding) bonds. In other words, there must be debt service savings created by the refinancing.

The Series 2006, 2008 A-2 Bonds, and 2009 Bonds are currently eligible to be refinanced at any time at the option of the Successor Agency with Oversight Board authorization and DOF approval, at interest rates lower than those at the time of original issuance. The fiscal impact of the refinancing is detailed below.

The financing team, with assistance from staff, has produced financing and legal documents which are subject for approval by the Successor Agency. The Successor Agency approved the refinancing and documents outlined below on February 21, 2017, now the refinancing will be subject to approval by both the Oversight Board and DOF (up to a 60-day review process).

### **DISCUSSION**

Due to the historically low interest rate environment, the refinancing is estimated to generate around \$4.4 million in debt service savings over the next 22 years, based on current market conditions (over \$1.6 million of net present value savings). The debt service savings amount would be allocated to enforceable obligations, administrative cost and/or split among taxing entities, including the county, school districts, and the City of Desert Hot Spring's General Fund. Market conditions at the time the refunding bonds are priced will dictate the final debt service savings amount.

Assuming the financing is approved by the Oversight Board, and DOF reviews and approves the financing in its 60-day allotted time, additional refunding bond documents (a Preliminary Official Statement and a Bond Purchase Agreement) would be submitted for the Successor Agency's consideration and approval in April (which could be sooner depending on the timeliness of DOF's response). If approval is given at that time, refunding bonds could be issued a few weeks afterwards.

### **FISCAL IMPACT**

As mentioned above, based on current market conditions, the refunding bonds generate an estimated total debt service savings of over \$4.4 million or an average of over \$190,000 per year. Please note that these savings estimates are net of all costs of issuance. Based on the City's allocation of the residual, over \$800,000 would flow into the City's General Fund over the next 22 years.

The final maturity date of the refunding bonds is expected to match the final maturity of the outstanding bonds. The refunding bonds would not be an obligation of the City but rather the Successor Agency. As such, the source of repayment of the refunding bonds would be limited to tax increment revenues generated in the redevelopment project area.

### **EXHIBIT(S)**

1. Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs Approving and Directing the Issuance of Refunding Bonds, Making Certain Determinations with Respect to the Refunding Bonds and Providing Other Matters Relating Thereto.
2. Indenture of Trust
3. Escrow Deposit and Trust Agreement

**RESOLUTION NO. OB-2017-\_\_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS APPROVING AND  
DIRECTING THE ISSUANCE OF REFUNDING BONDS, MAKING CERTAIN  
DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING  
OTHER MATTERS RELATING THERETO**

*WHEREAS*, the Redevelopment Agency of the City of Desert Hot Springs (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Redevelopment Law");

*WHEREAS*, Assembly Bill x1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 ("AB 1484"), codified Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the "Dissolution Act");

*WHEREAS*, pursuant to Section 34172(a) of the Dissolution Act, the Former Agency has been dissolved and no longer exists, and pursuant to Section 34173 of the Dissolution Act, the City of Desert Hot Springs (the "City") has declared itself to be the successor entity to the Former Agency (the "Successor Agency");

*WHEREAS*, pursuant to Section 34179 of the Dissolution Act, this Oversight Board has been established for the Successor Agency;

*WHEREAS*, the Oversight Board is informed by the Successor Agency that the Former Agency issued the following outstanding series of bonds prior to its dissolution (the "Prior Bonds"):

(i) \$7,025,000 initial principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Refunding Bonds, Series 2006 (the "2006 Bonds"), issued pursuant to the Indenture, dated as of August 1, 2006 (the "2006 Indenture"), by and between the Agency and U.S. Bank National Association, as trustee;

(ii) \$15,870,000 initial principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008A-2 issued pursuant to the 2006 Indenture and a First Supplemental Indenture, dated as of April 1, 2008 (the "First Supplement");

(iii) \$5,635,000 initial principal amount of Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Issue of 2009 (the "2009 Bonds") issued pursuant to an Indenture, dated as of July 1, 2009, by and between the Agency and Wells Fargo Bank, National Association (under which the Prior Trustee was subsequently substituted as Trustee);

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

WHEREAS, the Successor Agency has notified the Oversight Board that it wishes to refund the 2001 Bonds, the refund the 2006 Bonds, the 2008A-2 Bonds and the 2009 Bonds (together, the "Refunded Prior Bonds");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of bonds to refinance the Refunded Prior Bonds, the Successor Agency has caused its municipal advisor, Urban Futures, Inc. (the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the refunding bonds to refund the Refunded Prior Bonds (the "Debt Service Savings Analysis");

WHEREAS, the Successor Agency by its resolution adopted February 21, 2017 (the "Successor Agency Resolution") approved the issuance of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs 2017 Subordinate Tax Allocation Refunding Bonds (the "Refunding Bonds") pursuant to Section 34177.5(a)(1), Section 34177.5(f) and Section 34180;

WHEREAS, in the Successor Agency Resolution, the Successor Agency approved the issuance of the Refunding Bonds and authorized the execution and delivery of the Indenture;

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

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") and, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will cause to be prepared a form of such Bond Purchase Agreement;

WHEREAS, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of the Successor Agency's Disclosure Counsel and the Financial Advisor, cause to be prepared a form of Official Statement describing the Refunding Bonds and containing material information relating to the Refunding 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 Refunding Bonds;

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and hereby approves the foregoing;



THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS HEREBY RESOLVES AS FOLLOWS:

Section 1. Ratification and Adoption of Successor Agency Resolution. Successor Agency Resolution No. 2017-\_\_\_ is hereby ratified and adopted as set forth in the recitals above.

Section 2. Determination of Savings. This Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities by the issuance by the Successor Agency of the Refunding Bonds in compliance with the Savings Parameters to defease and redeem the Refunded Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Secretary of the Oversight Board, which Debt Service Savings Analysis is hereby approved.

Section 3. Approval and Direction of Issuance of the Refunding Bonds. As authorized by Section 34177.5(f) and Section 34180, this Oversight Board hereby approves and directs the issuance by the Successor Agency of the Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of the Redevelopment Law, as amended and supplemented by the Dissolution Act, and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in the aggregate principal amount of not to exceed \$25,000,000.00, provided that the principal and interest payable with respect to the Refunding Bonds complies in all respects with the requirements of the Savings Parameters, as shall be certified to by the Municipal Advisor upon delivery of the Refunding Bonds or any part thereof.

Section 4. Sale and Delivery of Refunding Bonds in Whole or in Part. The Oversight Board is informed by the Successor Agency that it is the intent of the Successor Agency to sell and deliver the Refunding Bonds to refund the Refunded Prior Bonds in whole, provided that there is compliance with the Savings Parameters, and that, if such Savings Parameters cannot be met with respect to the Refunded Prior Bonds in whole, then the Successor Agency intends to issue the Refunding Bonds to refund the Refunded Prior Bonds in part to the extent that the refunding of the Refunded Prior Bonds in part can satisfy the Savings Parameters. The Oversight Board hereby approves the issuance of the Refunding Bonds to refund the Refunded Prior Bonds in part and, thereafter, the sale and delivery of additional bonds to refund the unrefunded Refunded Prior Bonds pursuant to a supplement to the Indenture without further prior approval of the Oversight Board provided that in each such instance the bonds so sold and delivered in part are in compliance with the Savings Parameters.

Section 5. Determinations by the Oversight Board. As requested by the Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

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

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of all or a portion of the Refunded Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds and the premium for any bond insurance policy or debt service reserve fund insurance policy, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the Los Angeles 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 Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

Section 6. Effective Date. Pursuant to Health and Safety Code Section 34177(f) and Section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the Department of Finance unless the Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the Department.

Section 7. Transmittal. The Successor Agency is hereby directed to transmit this Resolution to the Department of Finance.

Section 8. Certification by the Clerk. The Deputy City Clerk Acting for the Successor Agency Oversight Board shall certify to the pages of this Resolution and enter it into the book of original resolutions.

Section 9. Further Authority and Direction. The Successor Agency's officials and staff are hereby authorized and directed to transmit this Resolution and take all other necessary and appropriate actions as required by law in order to effectuate its purposes.

**PASSED, APPROVED AND ADOPTED**, by the Successor Agency Oversight Board of the Redevelopment Agency of the City of Desert Hot Springs at a meeting held on this 1<sup>st</sup> day of March, 2017, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**ATTEST:**

**APPROVED:**

---

Doria Wilms, Secretary to the Successor  
Agency Oversight Board

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Russ Martin, Chairman to the  
Successor Agency Oversight Board

**APPROVED AS TO FORM:**

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Barry Shultz, Attorney to the Successor  
Agency Oversight Board



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## **INDENTURE OF TRUST**

**Dated as of May 1, 2017**

**by and between the**

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF  
DESERT HOT SPRINGS**

**and**

**WELLS FARGO BANK NATIONAL ASSOCIATION,  
as Trustee**

**Relating to**

**\$ \_\_\_\_\_  
Successor Agency to the Redevelopment Agency of the  
City of Desert Hot Springs  
2017 Subordinate Tax Allocation Refunding Bonds**

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# TABLE OF CONTENTS

	<u>Page</u>
<b>ARTICLE I:</b>	
<b>DETERMINATIONS; DEFINITIONS:</b>	
Section 1.01. Findings and Determinations.....	3
Section 1.02. Definitions.....	3
<b>ARTICLE II:</b>	
<b>AUTHORIZATION AND TERMS:</b>	
Section 2.01. Authorization of 2017 Bonds. ....	14
Section 2.02. Terms of 2017 Bonds. ....	14
Section 2.03. Redemption of 2017 Bonds. ....	15
Section 2.04. Form of 2017 Bonds. ....	17
Section 2.05. Execution of 2017 Bonds.....	17
Section 2.06. Transfer of Bonds. ....	18
Section 2.07. Exchange of Bonds. ....	18
Section 2.08. Registration of Bonds. ....	18
Section 2.09. Temporary Bonds. ....	19
Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. ....	19
Section 2.11. Book-Entry System.....	19
<b>ARTICLE III</b>	
<b>DEPOSIT AND APPLICATION OF PROCEEDS OF 2017 BONDS</b>	
Section 3.01. Issuance of 2017 Bonds. ....	22
Section 3.02. Application of Proceeds of Sale and Certain Other Amounts.....	22
Section 3.03. Bond Proceeds Fund; Costs of Issuance Account. ....	22
Section 3.04. Refunded Bonds Refunding Funds. ....	22
<b>ARTICLE IV:</b>	
<b>SECURITY OF BONDS; FLOW OF FUNDS:</b>	
Section 4.01. Security of Bonds; Equal Security. ....	23
Section 4.02. Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues. ....	23
Section 4.03. Deposit of Amounts by Trustee. ....	23
<b>ARTICLE V:</b>	
<b>OTHER COVENANTS OF THE SUCCESSOR AGENCY:</b>	
Section 5.01. Punctual Payment. ....	27
Section 5.02. Limitation on Additional Indebtedness; Against Encumbrances.....	27
Section 5.03. Extension of Payment.....	27
Section 5.04. Payment of Claims. ....	27
Section 5.05. Books and Accounts; Financial Statements. ....	27
Section 5.06. Protection of Security and Rights of Owners.....	28
Section 5.07. Payments of Taxes and Other Charges. ....	28
Section 5.08. Compliance with the Law; Recognized Obligation Payment Schedules. ....	28
Section 5.09. Dissolution Act Invalid; Maintenance of Tax Revenues.....	29
Section 5.10. No Arbitrage. ....	29
Section 5.11. Private Activity Bond Limitation. ....	29
Section 5.12. Federal Guarantee Prohibition. ....	29
Section 5.13. Rebate Requirement. ....	29
Section 5.14. Maintenance of Tax-Exemption.....	29
Section 5.15. Continuing Disclosure.....	26
Section 5.16. Further Assurances. ....	27
<b>ARTICLE VI:</b>	
<b>THE TRUSTEE:</b>	
Section 6.01. Duties, Immunities and Liabilities of Trustee.....	31

Section 6.02. Merger or Consolidation. ....	32
Section 6.03. Liability of Trustee. ....	32
Section 6.04. Right to Rely on Documents and Opinions.....	35
Section 6.05. Preservation and Inspection of Documents.....	35
Section 6.06. Compensation and Indemnification. ....	35
Section 6.07. Deposit and Investment of Moneys in Funds. ....	36
Section 6.08. Accounting Records and Financial Statements.....	37
Section 6.09. Appointment of Co-Trustee or Agent.....	37
Section 6.10. Other Transactions with Successor Agency.....	38

#### ARTICLE VII:

##### MODIFICATION OR AMENDMENT OF THIS INDENTURE:

Section 7.01. Amendment With And Without Consent of Owners.....	39
Section 7.02. Effect of Supplemental Indenture. ....	39
Section 7.03. Endorsement or Replacement of Bonds After Amendment.....	40
Section 7.04. Amendment by Mutual Consent. ....	40
Section 7.05. Trustee's Reliance.....	40

#### ARTICLE VIII:

##### EVENTS OF DEFAULT AND REMEDIES OF OWNERS:

Section 8.01. Events of Default and Acceleration of Maturities.....	41
Section 8.02. Application of Funds Upon Acceleration.....	42
Section 8.03. Power of Trustee to Control Proceedings.....	43
Section 8.04. Limitation on Owner's Right to Sue. ....	43
Section 8.05. Non-Waiver.....	43
Section 8.06. Actions by Trustee as Attorney-in-Fact. ....	44
Section 8.07. Remedies Not Exclusive.....	44

#### ARTICLE IX:

##### MISCELLANEOUS:

Section 9.01. Benefits Limited to Parties. ....	45
Section 9.02. Successor is Deemed Included in All References to Predecessor.....	45
Section 9.03. Defeasance of Bonds. ....	45
Section 9.04. Execution of Documents and Proof of Ownership by Owners.....	46
Section 9.05. Disqualified Bonds.....	46
Section 9.06. Waiver of Personal Liability. ....	46
Section 9.07. Destruction of Cancelled Bonds. ....	47
Section 9.08. Notices.....	47
Section 9.09. Partial Invalidity. ....	47
Section 9.10. Unclaimed Moneys. ....	47
Section 9.11. Execution in Counterparts. ....	48
Section 9.12. Governing Law .....	48

EXHIBIT A	FORM OF 2017 BOND.....	A-1
EXHIBIT B	DEBT SERVICE PAYMENT SCHEDULE.....	B-1
EXHIBIT C	[PROVISIONS RELATING TO THE 2017 RESERVE POLICY AND THE 2017 Reserve Insurer].....	C-1

## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is made and entered into and dated as of May 1, 2017, by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS, a public entity duly existing under the laws of the State of California (the "Successor Agency"), and WELLS FARGO BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

### WITNESSETH:

**WHEREAS**, the former Redevelopment Agency of the City of Desert Hot Springs (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Community Redevelopment Law");

**WHEREAS**, a Redevelopment Plan (as defined herein) for the Project Area (as defined herein) was adopted in compliance with all requirements of the Community Redevelopment Law;

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

**WHEREAS**, prior to the dissolution of the Former Agency, the Former Agency issued the following outstanding series of bonds:

(i) \$7,025,000 initial principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Refunding Bonds, Series 2006 (the "2006 Bonds"), issued pursuant to the Indenture, dated as of August 1, 2006 (the "2006 Indenture"), by and between the Agency and U.S. Bank National Association, as trustee;

(ii) \$15,870,000 initial principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008A-2 issued pursuant to the 2006 Indenture and a First Supplemental Indenture, dated as of April 1, 2008 (the "First Supplement");

**WHEREAS**, Assembly Bill X1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 ("AB 1484"), resulted in the dissolution of the Former Agency as of February 1, 2012, and the vesting in the Successor Agency of certain of the authority, rights, powers, duties and obligations of the Former Agency;

**WHEREAS**, AB 1484, among other things, authorizes the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division



2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in said Section 34177.5(a);

**WHEREAS**, the Successor Agency has determined to defease and redeem the 2006 Bonds and the 2008A-2 Bonds (the "Refunded Bonds");

**WHEREAS**, the Successor Agency has determined that it will achieve debt service savings within the debt service savings parameters set forth in said Section 34177.5(a) by the issuance pursuant to the Law and the Refunding Law of its \$\_\_\_\_\_ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs 2017 Subordinate Tax Allocation Refunding Bonds (the "2017 Bonds") to provide funds to refund all of the outstanding Refunded Bonds;

**WHEREAS**, the Former Agency also has issued its \$19,965,000 original amount of Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008A-1 (Taxable) pursuant to the 2006 Indenture and the First Supplement (the "Senior Obligations"), which will remain outstanding after issuance of the 2017 Bonds;

**WHEREAS**, the Successor Agency has complied with the provisions of the Senior Obligation Indenture (as defined herein) that apply to the issuance of bonds that are payable on a subordinate basis to the Senior Obligations;

**WHEREAS**, in order to provide for the authentication and delivery of the 2017 Bonds, to establish and declare the terms and conditions upon which the 2017 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**, all acts and proceedings required by law necessary to make the 2017 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;

**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 2017 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 2017 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 2017 Bonds by the Owners thereof, and for other valuable considerations, 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 2017 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 2017 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 2017 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 Parity Debt in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled and (b) the principal amount of the Outstanding Bonds and Parity Debt payable by their terms in such Bond Year.

"Bond" or "Bonds" means the 2017 Bonds and, if the context requires, any additional Parity Debt issued pursuant to a Supplemental Indenture pursuant to Section 5.02 hereof.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Proceeds Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

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

"Business Day" means a day of the year on which banks in Los Angeles, California, or the city where the Principal Corporate Trust Office is located are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

"City" means the City of Desert Hot Springs, a municipal corporation and general law city duly organized and existing under the laws of the State of California.

"Closing Date" means, with respect to the 2017 Bonds, the date on which the 2017 Bonds are delivered by the Trustee 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.

"Community Redevelopment Law" means the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety 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, including but not limited to County and Successor Agency administrative staff costs, printing expenses, bond insurance and surety bond premiums, transferred proceeds penalties due the United States of America, underwriting fees, 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, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Account" means the account by that name within the Bond Proceeds Fund established and held by the Trustee pursuant to Section 3.03.

"County" means the County of Riverside, a county duly organized and existing under the Constitution and laws of the State.

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

"Defeasance Obligations" means (i) cash and (ii) Federal Securities.

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

"Depository System Participant" means any participant in the Depository's book-entry system.

"Dissolution Act" means Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code.

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

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

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated

interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, (iv) any commingled investment fund in which the Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment, or (v) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States, as certified in writing by the Agency to the Trustee.

"Federal Securities" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

"First Supplement" means the First Supplemental Indenture, dated as of April 1, 2008, supplementing the 2006 Indenture.

"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 Redevelopment Agency of the City of Desert Hot Springs, a public body corporate and politic duly organized and existing under the Community Redevelopment Law and dissolved in accordance with the Dissolution Act.

"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 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 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 issuance of tax allocation refunding bonds or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under domination of the Successor Agency;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency; and

(d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Information Services" means "EMMA" or the "Electronic Municipal Market Access" system of the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Successor Agency may designate in a 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 March 1 and September 1 of each year, commencing September 1, 2017, so long as any of the Bonds remain Outstanding hereunder.

"Law" means the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code, together with the Dissolution Act, 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, including payments on any Parity Debt, as certified in writing by the Successor Agency to the Trustee.

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

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

"Oversight Board" means the Oversight Board for the Successor Agency, duly constituted from time to time pursuant to Section 34179 of the California Health and Safety Code.

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

"Parity Debt" means any bonds, notes or other obligations that are payable from and secured by a lien on Tax Revenues that is on parity with the lien under this Indenture.

"Parity Debt Instrument" means any resolution, indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt, including, without limitation, a Supplemental Indenture authorized by Section 7.01(e).

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

"Pass-Through Agreements" means, collectively: (i) the \_\_\_\_\_, each such agreement having been entered into by the Former Agency pursuant to Section 33401 of the Law.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to conclusively rely upon any investment direction from the Agency as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State), but only to the extent that the same are acquired at Fair Market Value and otherwise comply with the Successor Agency's investment policies at the time such Permitted Investment is acquired, provided that the Trustee shall be entitled to rely upon any investment directions from the Agency as conclusive certification to the Trustee that investments described therein are in compliance with the Successor Agency's investment policy then in effect:

- (a) Cash;
- (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America;
- (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America;
- (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated;
- (e) Federal Housing Administration debentures;
- (f) the following listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- (i) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
- (ii) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;
- (iii) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; and
- (iv) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
- (g) unsecured certificates of deposit, time deposits, and bankers' acceptances or other similar bank deposit products (having maturities of not more than 365 days) of any bank (which may include the Trustee and its affiliates) the short-term obligations of which are rated "A-1+" or better by S&P and "Prime-1" by Moody's;
- (h) deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation, in banks which have capital and surplus of at least \$15 million;
- (i) commercial paper (having original maturities of not more than 270 days) rated at the time of purchase "A-1+" by S&P and "Prime-1" by Moody's;
- (j) money market funds (including funds for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise) rated "Aam" or "Aam-G" by S&P, or better and if rated by Moody's rated "Aa2" or better;
- (k) "State Obligations", which means:
  - (i) direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of such state, subdivision or agency and which is rated at least "Aa" by Moody's and at least "AA" by S&P;
  - (ii) direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated "A-1+" by S&P and "MIG-1" by Moody's; and
  - (iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated "AA-" or better by S&P and "Aa3" or better by Moody's;
- (l) pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:
  - (i) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given

irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(ii) the municipal obligations are secured by cash or U.S. Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(iii) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification Report");

(iv) the cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(v) no substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report; and

(vi) the cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;

(m) repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "AA-" by S&P and "Aa3" Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "AA-" by S&P and "Aa3" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least "AA-" by S&P and "Aa3" by Moody's;

(n) investment agreements with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; and

(o) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided that for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

"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 the principal corporate trust office that the Trustee may designate in writing to the Successor Agency from time to time as the corporate trust office for purposes of this Indenture.

"Project Area" means the project area described in the Redevelopment Plan.



"Qualified Reserve Account Credit Instrument" means (i) the 2017 Reserve Policy and (ii) an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) at the time of issuance of the letter of credit, insurance policy or surety bond, S&P or Moody's have assigned a long-term credit rating to such bank or insurance company or the instrument, as applicable, of at least "AA" or "Aa"; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit, insurance policy or surety bond has a stated amount at least equal to the Reserve Requirement or, if such letter of credit, insurance policy or surety bond is being provided with respect to only a portion of the Reserve Requirement, such letter of credit, insurance policy or surety bond has a stated amount at least equal to that portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a), 4.03(b) or 4.03(c) of this Indenture.

"Recognized Obligation Payment Schedule" means the schedule by that name prepared in accordance with the requirements of Section 34177(l) of the California Health and Safety Code.

"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.

"Redevelopment Obligation Retirement Fund" means the fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the California Health and Safety Code.

"Redevelopment Plan" means the Redevelopment Plan for the Desert Hot Springs Redevelopment Projects Nos. 1 and 2, as amended by that "Amended Redevelopment Plan Prepared for Merger Amendment No. One to the Redevelopment Plan for the Desert Hot Springs Redevelopment Projects Nos. 1 and 2," adopted and approved as the redevelopment plan for the Project by Ordinance No. 1997-09, adopted by the City Council on December 16, 1997, together with all amendments thereto thereafter made in accordance with the Community Redevelopment Law.

"Redevelopment Property Tax Trust Fund" means the fund established pursuant to Section 34170.5(b) of the California Health and Safety Code and administered by the City of Desert Hot Springs.

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

"Refunded Bonds" means the 2001 Bonds, the 2002 Bonds, the 2003 Bonds, the 2006A Current Interest Bonds and the 2006B Bonds.

"Refunded Bonds Refunding Fund" means the fund by that name established in Section 3.04 hereof.

"Refunded Bonds Escrow Agreement" means Escrow Deposit and Trust Agreement relating to the defeasance and refunding of the Refunded Bonds, by and between the Successor Agency and U.S. Bank National Association, as escrow agent, and acknowledged by the trustee for the Refunded Bonds.

"Refunding Law" means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, and the acts amendatory thereof and supplemented thereto.

"Report" means a document in writing signed by an Independent Redevelopment Consultant and including:

(a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this 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 Requirement" means, with respect to the 2017 Bonds and each series of Parity Debt issued in the form of Bonds, the lesser of

(i) 125% of the average Annual Debt Service with respect to that series of the Bonds,

(ii) Maximum Annual Debt Service with respect to that series of the Bonds, or

(iii) with respect to an individual series of Bonds, 10% of the original principal amount of a series of Bonds (or, if such series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds);

provided, that the Reserve Requirement may be determined on a combined or individual basis for two or more series of Bonds, as determined by the Successor Agency and that in no event shall the Successor Agency, in connection with the issuance of Parity Debt in the form of Bonds pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt issued in the form of Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.03(c) hereof.

"S&P" means Standard & Poor's Ratings Services and its successors.

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

"Semiannual Period" means (a) each six-month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and (b) each six-month period beginning on July 1 of any calendar year and ending on December 31 of such calendar year.

"Senior Indenture" means the 2006 Indenture, as supplemented by the First Supplement.

"Senior Obligations" means the (i) \$19,965,000 original amount of Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008A-1 (Taxable) and (ii) moneys derived from that portion of taxes levied upon assessable property within the Project Area deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Law, which would have been required to be deposited into the Low and Moderate Income Housing Fund in existence under the Community Redevelopment Law prior to the Dissolution Act, but only to the extent needed to pay the outstanding \$5,365,000 original amount of Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Issue of 2009.

"State" means the State of California.

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

"Successor Agency" means the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs, a public entity duly organized and existing under the Law.

"Supplemental Indenture" means any resolution, agreement or other instrument that 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, for each Fiscal Year, all moneys derived from that portion of taxes levied upon assessable property within the Project Area deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Law, excluding (i) for the Senior Obligations, the amount pledged under the Senior Obligation Indenture to make payments on such Senior Obligations, but only to the extent required to make such payments and (ii) amounts if any, payable by the Successor Agency pursuant to Sections 33676, 33607.5, 33607.7 and 34183(a)(1) of the Law, including amounts payable under the Pass-Through Agreements, except to the extent that such amounts are payable on a basis subordinate to the payment of Annual Debt Service on the 2017 Bonds

or any Parity Debt pursuant to Sections 33607.5(e) and 34177.5(c) of the Law or pursuant to the terms of the Pass-Through Agreements, as applicable.

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

"2006 Bonds" means the \$7,025,000 initial principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Refunding Bonds, Series 2006, issued pursuant to the 2006 Indenture.

"2006 Indenture" means the Indenture, dated as of August 1, 2006, by and between the Agency and U.S. Bank National Association.

"2008A-2 Bonds" means the 15,870,000 initial principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008A-2 issued pursuant to the 2006 Indenture and the First Supplement.

"2017 Bonds" means the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs 2017 Subordinate Tax Allocation Refunding Bonds.

["2017 Reserve Insurer" means \_\_\_\_\_, and its successors and assigns, as issuer of the 2017 Reserve Policy.]

["2017 Reserve Policy" means the municipal bond debt service reserve insurance policy relating to the 2017 Bonds issued by the 2017 Reserve Insurer.]

"Written Request of the Successor Agency" or "Written Certificate of the Successor Agency" means a request or certificate, in writing signed by the City Manager of the City of Desert Hot Springs or the Finance Director of the City of Desert Hot Springs or his or her designee, or by any other officer of the Successor Agency duly authorized by the Governing Board of 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 2017 Bonds. The 2017 Bonds in the aggregate principal amount of \_\_\_\_\_ million, \_\_\_\_\_ thousand Dollars (\$\_\_\_\_\_) are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture, the Law and the Refunding Law. This Indenture constitutes a continuing agreement with the Owners of all of the Bonds, including the 2017 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, including the 2017 Bonds, which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The 2017 Bonds shall be issued as one series designated the "Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs 2017 Subordinate Tax Allocation Refunding Bonds".

Section 2.02. Terms of 2017 Bonds. The 2017 Bonds shall be dated as of the Closing Date, and shall be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The 2017 Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rate per annum as follows:

<b>Maturity Date (September 1)</b>	<b>Principal Amount</b>	<b>Interest Rate Per Annum</b>
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Interest on the 2017 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 2017 Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee prior to the applicable Record Date. Principal of and redemption premium (if any) on any 2017 Bond shall be paid upon presentation and surrender thereof, at maturity, at the Principal Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the 2017 Bonds shall be payable in lawful money of the United States of America.

Each 2017 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a 2017 Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any 2017 Bond, interest thereon is in default, such 2017 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

#### Section 2.03. Redemption of 2017 Bonds.

(a) Optional Redemption. The 2017 Bonds maturing on or prior to September 1, \_\_\_\_\_, are not subject to optional redemption. The 2017 Bonds maturing on or after September 1, \_\_\_\_\_, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after September 1, \_\_\_\_\_, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid 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 2017 Bonds under this subsection (a) with a designation of the principal amount and maturities to be redeemed at least forty five (45) days prior to the date fixed for such redemption (or such later date as shall be acceptable to the Trustee in the sole determination of the Trustee), and shall transfer to the Trustee for deposit in the Debt Service Fund all amounts required for such redemption not later than the date fixed for such redemption.

(b) Mandatory Sinking Fund Redemption. The 2017 Bonds that are Term Bonds maturing on September 1, \_\_\_\_\_ and September 1, \_\_\_\_\_ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, \_\_\_\_\_ and September 1, \_\_\_\_\_, respectively, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to Section 4.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables; provided however, that (y) in lieu of redemption thereof such Term Bonds may be purchased by the Successor Agency pursuant to Section 2.03(g) hereof, and (z) if some but not all of such Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

2017 Term Bonds of 20

<u>September 1</u>	<u>Principal Amount</u>
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2017 Term Bonds of 20

<u>September 1</u>	<u>Principal Amount</u>
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(c) Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, (i) to any Insurer and to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and one or more Information Services designated in a Written Request of the Successor Agency filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state, in the case of a redemption pursuant to (a) above, that such redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

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

(e) 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.

(f) Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be cancelled and destroyed.

(g) Purchase in Lieu of Redemption. In lieu of redemption of the Term Bonds pursuant to the subsection (b) above or pursuant to a Supplemental Indenture, amounts on deposit in the Debt Service Fund or in the Principal Account may also be used and withdrawn by the Successor Agency and the Trustee, respectively, at any time, upon the Written Request of the Successor Agency, for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Successor Agency in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds required to be redeemed pursuant to subsection (d) on November 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said June 1.

Section 2.04. Form of 2017 Bonds. The 2017 Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Execution of 2017 Bonds. The 2017 Bonds shall be executed on behalf of the Successor Agency by the signature of the City Manager of the City, as chief executive officer of the Successor Agency, who is in office on the date of execution and delivery of this Indenture or at any time thereafter. Such signature may be made manually or may be affixed by facsimile thereof. The 2017 Bonds shall be attested by the manual or facsimile of the Secretary of the Governing Board of the Successor Agency. If any officer whose signature appears on any 2017 Bond ceases to be such officer before delivery of the 2017 Bonds to the purchaser,



such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the 2017 Bonds to the purchaser. Any 2017 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 2017 Bond shall be the proper officers of the Successor Agency although on the date of such 2017 Bond any such person shall not have been such officer of the Successor Agency.

Only such of the 2017 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore 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 2017 Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary 2017 Bonds are issued pursuant to Section 2.09 hereof, the temporary 2017 Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, shall be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary 2017 Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive 2017 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 authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denomination. 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 of the Trustee 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 transfer, under the provisions of this Section 2.07, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

Section 2.08. Registration 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 Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, interest rates and like maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

**Section 2.10. 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 authenticate and 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 Successor Agency and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and 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 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. Book-Entry System.**

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

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, neither the Successor Agency nor the Trustee shall have any responsibility or obligation to any Depository System Participant or to any person on behalf of which the

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

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

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

registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Article II. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

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

# ARTICLE III

## DEPOSIT AND APPLICATION OF PROCEEDS OF 2017 BONDS

Section 3.01. Issuance of 2017 Bonds. Upon the execution and delivery of this Indenture, the Successor Agency shall issue and deliver 2017 Bonds to the Trustee in the aggregate principal amount of \$\_\_\_\_\_ and the Trustee shall authenticate and deliver the 2017 Bonds upon the Written Request of the Successor Agency.

Section 3.02. Application of Proceeds of Sale and Certain Other Amounts. On the Closing Date the proceeds of sale of the 2017 Bonds shall be paid to the Trustee in the amount of \$\_\_\_\_\_, which is equal to (i) the purchase price of the 2017 Bonds of \$24,927,357.90 (being the aggregate principal amount of the 2017 Bonds, less an original issue discount in the amount of \$\_\_\_\_\_, less an underwriter's discount in the amount of \$\_\_\_\_\_), [[less (ii) the premium for the 2017 Reserve Policy in the amount of \$\_\_\_\_\_, which shall be paid directly by the Underwriter to the 2017 Reserve Insurer]]. The Trustee shall apply the proceeds described in the previous sentence as follows:

(a) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Costs of Issuance Account.

(b) The Trustee shall deposit the amount of \$\_\_\_\_\_, in the Refunded Bonds Refunding Fund.

[[In addition, the Trustee shall credit the 2017 Reserve Policy to the Reserve Account]].

Section 3.03. Bond Proceeds Fund; Costs of Issuance Account. There is hereby established a separate fund to be known as the "Bond Proceeds Fund", which shall be held by the Trustee in trust, and within such Fund there shall be established a separate Costs of Issuance Account. The moneys in the Costs of Issuance Account 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. On the date which is six (6) months following the Closing Date, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the Costs of Issuance Account shall be withdrawn therefrom by the Trustee and transferred to the Interest Account of the Debt Service Fund, and the Trustee shall close the Costs of Issuance Account.

Section 3.04. Refunded Bonds Refunding Fund. There is hereby created the Refunded Bonds Refunding Fund held by the Trustee in trust for the benefit of the Successor Agency. The moneys in the Refunded Bonds Refunding Fund shall be maintained separate and apart from other moneys of the Successor Agency.

The Trustee shall transfer all moneys on deposit in the Refunded Bonds Refunding Fund to U.S. Bank National Association, for deposit into the Escrow Fund established pursuant to the Refunded Bonds Escrow Agreement.

Upon making such transfer, the Refunded Bonds Refunding Fund shall be closed.

## 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 Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account and the Principal Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account established by Section 4.03(d). The Bonds shall be also equally secured by the pledge and lien created with respect to the Bonds by Section 34177.5(g) of the Law on the Tax Revenues 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 shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency 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. The Successor Agency has heretofore established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Law which the Successor Agency shall continue to hold and maintain so long as any of the Bonds are Outstanding.

In accordance with Section 5.08 hereof, the Successor Agency shall deposit all Tax Revenues into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof. All Tax Revenues received by the Successor Agency in excess of amounts required herein or as additionally required pursuant to a Supplemental Indenture or Parity Debt Instrument, and except as may be provided to the contrary in any Senior Obligation Indenture or Parity Debt Instrument, shall be released from the pledge and lien hereunder and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in this Indenture and in any Supplemental Indenture.

Section 4.03. Deposit of Amounts by Trustee. There is hereby established a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee hereunder 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 hereby established in the Debt Service Fund, and in the following order of priority:

(a) Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee, for deposit in the Interest Account an amount which, when added to the amount 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 on such Interest Payment Date. No such 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. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable.

(b) Principal Account. On or before the fifth (5th) Business Day preceding each September 1 on which the principal of the Bonds becomes due and payable, and at maturity, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Bonds. No such 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 September 1 on all of the Outstanding Bonds and any Parity Debt. 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 and any Parity Debt as it shall become due and payable.

(c) Reserve Account. There is hereby established in the Debt Service Fund a separate account known as the "Reserve Account" solely as security for payments payable by the Successor Agency pursuant to this Section 4.03, which shall be held by the Trustee in trust for the benefit of the Owners of the 2017 Bonds.

[[The Reserve Requirement for the 2017 Bonds will be satisfied by the delivery of the 2017 Reserve Policy by the 2017 Reserve Insurer on the Closing Date with respect to the 2017 Bonds. The Successor Agency will have no obligation to replace the 2017 Reserve Policy or to fund the Reserve Account with cash if, at any time that the 2017 Bonds are Outstanding, amounts are not available under the 2017 Reserve Policy other than in connection with a draw on the 2017 Reserve Policy.

All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in the event of any deficiency at any time in any of such accounts or for the retirement of all the 2017 Bonds then Outstanding.

[[The Trustee shall comply with the terms of the 2017 Reserve Policy and the provisions set forth in Exhibit C as shall be required to receive payments thereunder in the event and to the extent required under this subsection (c).]]

[[In the event that the amount on deposit in the Reserve Account or any subaccount therein at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the

Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Tax Revenues become available in the Debt Service Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts, or for the retirement or defeasance of the Bonds then Outstanding (as may be permitted herein), except that so long as the Successor Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before the tenth (10th) Business Day preceding each March 1 and September 1, and the date of redemption or defeasance of any Bonds, by the Trustee and deposited in the Interest Account or, in the case of the redemption or defeasance of Bonds, also in the Principal Account or an escrow account established for the defeasance of any of the Bonds. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this Section 4.03, then to the Successor Agency.]]

If at any time any portion of the Reserve Requirement is satisfied with cash or Permitted Investments, the Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the 2017 Bonds or any other Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be used for any lawful purpose that does not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (c). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Pledged Tax Revenues.

The Successor Agency shall also have the option to establish a separate subaccount in the Reserve Account that secures only a particular series or series of Bonds issued as Parity Debt, and the calculation of the Reserve Requirement with respect to all other Bonds shall exclude the debt service on such issue of Bonds. Additionally, Bonds secured by a Qualified



Reserve Account Credit Instrument shall not have access to any other amounts on deposit in the Reserve Account except as expressly provided in the Indenture or in any applicable Supplemental Indenture. Additionally, the Reserve Account may be maintained in the form of one combined Reserve Account or in the form of one more separate sub-accounts which are established for the purpose of holding the proceeds of separate series of Bonds in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee.

If the Reserve Requirement with respect to a series of Bonds is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture. If the Reserve Requirement with respect to a series of Bonds is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture shall be pro-rata with respect to each such instrument.

## ARTICLE V

## OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01. Punctual Payment. The Successor Agency shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of this Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and the Bonds. Nothing herein contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02. Limitation on Additional Indebtedness; Against Encumbrances. The Successor Agency covenants that it will not issue any bonds, notes, or other obligations that are payable from or secured by a lien on Tax Revenues that is superior to the lien under this Indenture. The Successor Agency may issue Parity Debt to refund all or a portion of the Outstanding Bonds provided that with respect to any such refunding (i) debt service on such Parity Debt, as applicable, is lower than debt service on the obligations being refunded during the remaining period the obligations would otherwise be outstanding (ii) the final maturity of any such Parity Debt does not exceed the final maturity of the obligations being refunded, (iii) the interest rate on the Parity Debt shall be fixed on the date of issuance of the Parity Debt, and (iv) principal payments shall be on September 1 and interest payments on September 1 and March 1. Nothing herein shall prevent the Successor Agency from issuing Subordinate Debt.

Section 5.03. Extension of Payment. The Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such Bond or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.04. Payment of Claims. The Successor Agency shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Section 5.05. Books and Accounts; Financial Statements. The Successor Agency shall at all times keep, or cause to be kept, proper and current books and accounts in which accurate entries are made of the financial transactions and records of the Successor Agency. Within one hundred eighty (180) days after the close of each Fiscal Year an Independent Certified Public Accountant shall prepare an audit of the financial transactions and records of the Successor Agency for such Fiscal Year. To the extent permitted by law, such audit may be included within the annual audited financial statements of the City. The Successor Agency shall furnish a copy

of such financial statements to any Owner upon reasonable request of such Owner and at the expense of such Owner. The Trustee shall have no duty to review such audits.

**Section 5.06. Protection of Security and Rights of Owners.** The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to the 2017 Bonds, the 2017 Bonds shall be incontestable by the Successor Agency.

**Section 5.07. Payments of Taxes and Other Charges.** Except as otherwise provided herein, the Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Area, or upon the revenues therefrom when the same shall become due. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project Area or any part thereof.

**Section 5.08. Compliance with the Law; Recognized Obligation Payment Schedules.**

(a) The Successor Agency shall comply with all of the requirements of the Law.

(b) Pursuant to Section 34177 of the Law, not later than each date a Recognized Obligation Payment Schedule is due, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule. The Successor Agency shall take all actions required under the Law to include in the Recognized Obligation Payment Schedule for each Semiannual Period (i) amounts due with respect to the Senior Obligations under the Senior Obligations Indenture, (ii) debt service on the Bonds and (iii) all amounts due and owing to the 2017 Reserve Insurer hereunder, so as to enable the Riverside County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1, as applicable, amounts required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds on a timely basis, as such amounts of debt service are set forth in the Recognized Obligation Payment Schedule attached hereto as Exhibit B and hereby made a part hereof, or as such Schedule may be hereafter amended, as well as all amounts due and owing to the 2017 Reserve Insurer hereunder.

(c) In order to ensure that amounts are available for the Trustee to pay debt service on all Outstanding Bonds and all amounts due and owing to the [[2017 Reserve Insurer]] hereunder on a timely basis, the Successor Agency shall apply amounts received on the June 1, 2017 and the January 2, 2018 Recognized Obligation Payment Schedule distribution dates to pay debt service on the Senior Obligations and the 2017 Bonds on September 1, 2017 and March 1, 2018. Thereafter, not later than February 1, 2018 and each February 1 thereafter (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds are outstanding, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the Riverside County Auditor-Controller that shall include (a) amounts required to be included on such Schedule pursuant to the Senior Obligations Indenture, (b) for distribution on the immediately succeeding June 1, interest on all Outstanding Bonds due on the immediately succeeding September 1 plus 50% of principal due on the Outstanding Bonds on such September 1, which amounts shall be distributed to the Successor Agency, (c) for distribution on the immediately succeeding January

2, interest on all Outstanding Bonds due on the immediately succeeding March 1 plus 50% of principal due on all Outstanding Bonds on the immediately succeeding September 1, and (d) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument [[as well as all amounts due and owing to the 2017 Reserve Insurer hereunder]]).

(d) In the event the provisions set forth in the Dissolution Act as of the Closing Date of the 2017 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of (i) not less than one half of debt service due during each Bond Year on all Outstanding Bonds prior to March 1 of such Bond Year, and (ii) the remainder of debt service due during such Bond Year on all Outstanding Bonds prior to the next succeeding September 1.

Section 5.09. 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 ensure 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.

Section 5.10. 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 proceeds of the 2016 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2016 Bonds would have caused the 2016 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Section 5.11. Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the 2016 Bonds are not so used as to cause the 2016 Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 5.12. 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 any of the 2016 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 5.13. 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, to the extent that such section is applicable to the 2016 Bonds.

Section 5.14. Maintenance of Tax-Exemption. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the 2016 Bonds from the gross income of the Owners of the 2016 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2016 Bonds.

Section 5.15. 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 2016 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 5.15.

Section 5.16. Further Assurances. The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

## 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 prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Successor Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, 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, 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 at least 30 days' written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency and by giving 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 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 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 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.

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

Section 6.02. Merger or Consolidation. Any bank, national banking association or trust company into which the Trustee may be merged or converted or with which may be consolidated or any bank, national banking association or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association 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 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 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 Event of 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 by any other party 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 Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

The Trustee shall have no liability or obligation to the Bondowners with respect to the payment of debt service on the Bonds by the Successor Agency or with respect to the observance or performance by the Successor Agency of 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 the Trustee shall not be responsible for any intentional misconduct or negligence 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 the Bonds.

Before taking any action under Article VIII or this Article at the request 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.

The Trustee will 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 any project refinanced with the proceeds of the Bonds, malicious mischief, condemnation, and unusually severe weather and/or occurrences beyond the control of the Trustee.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Successor Agency shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Successor Agency whenever a person is to be added or deleted from the listing. If the Successor Agency elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Successor Agency understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that the directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Successor Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Successor Agency and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Successor Agency. 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 directions conflict or are inconsistent with a subsequent written instruction. The Successor Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Successor Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

**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, 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, in the absence of negligence or intentional misconduct by the Trustee, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

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

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee 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.

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

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

duties under this Indenture. The Trustee shall have a first lien on the Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

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

Section 6.07. Deposit and Investment of Moneys in Funds. Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account and the Costs of Issuance Account shall be invested by the Trustee in Permitted Investments as directed by the Successor Agency in the Written Request of the Successor Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Written Request of the Successor Agency, the Trustee shall hold such moneys uninvested. The Trustee shall be entitled to rely conclusively upon the written instructions of the Successor Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. Moneys in the Redevelopment Obligation Retirement Fund may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Successor Agency or otherwise made pursuant to this Section.

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

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Successor Agency for earnings derived from funds that have been invested.

The Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and

valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. The Trustee has no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any Written Certificate or Written Request of the Successor Agency. Trustee shall be deemed to have complied with such valuation through use of its automated pricing service as reflected on its trust accounting statements.

**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 accurate entries shall be made of all transactions of the Trustee 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.

**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 co-trustee. The following provisions of this Section 6.09 are adopted to these ends.

In the event that the Trustee shall appoint 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 engaged 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 With And Without Consent of Owners. 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 and 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 amend the Recognized Obligation Debt Service Payment Schedule set forth in Exhibit B to reflect the issuance of Parity Debt or to take into account the redemption of any Bond prior to its maturity; or
- (d) to provide for the issuance of Parity Debt pursuant to a Supplemental Indenture, as such issuance is authorized by Section 5.02.

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 with the 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 premium, (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.

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 of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared 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 Trust Office of the Trustee, without cost to such Owners.

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

Section 7.05. Trustee's Reliance. The Trustee may conclusively rely, and is protected in relying, upon a Written Certificate of the Successor Agency and an opinion of Bond Counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Bond Owners.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Events of Default and Acceleration of Maturities. 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 of or interest on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) 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 or any Parity Debt Instrument 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 in a reasonable period of time;

(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; or

(d) If an Event of Default occurs under the Senior Obligation Indenture.

If an Event of Default has occurred and is continuing, the Trustee may, or, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) with respect to Events of Default pursuant to 8.01(a) or (c), declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) the Trustee shall, subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds



shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

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

Section 8.02. Application of Funds Upon Acceleration. 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 acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

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 and advisors (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; and

Third, to the payment of all amounts due and owing to the 2017 Reserve Insurer hereunder.

**Section 8.03. Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

**Section 8.04. 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 interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

**Section 8.05. 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 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 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 to the extent such services are not redundant with those provided by outside 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.

## ARTICLE IX

## MISCELLANEOUS

Section 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, the 2017 Reserve Insurer 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, the 2017 Reserve Insurer and the Owners.

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

Section 9.03. Defeasance of Bonds. 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:

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

(ii) by irrevocably depositing with the Trustee, in trust or an escrow holder, in escrow, 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 a portion of Outstanding Bonds, including all principal and interest, or;

(iii) by irrevocably depositing with the Trustee, in trust or an escrow holder, in escrow, 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 a portion thereof (including all principal and interest) at or before maturity; or

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

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 the Trustee pursuant to Section 6.06 shall be paid over to the Successor Agency for deposit in the Redevelopment Obligation Retirement Fund.

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

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, 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 proved by the Registration Books.

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

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

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

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

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

If to the Successor Agency:	Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs 65-950 Pierson Blvd. Desert Hot Springs, CA 92240 Attention: City Manager
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If to the Trustee:	Wells Fargo Bank National Association  Attention: Reference: Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs
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[[If to the 2017 Reserve Insurer: As provided in Exhibit C hereto]]

Section 9.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Treasurer of the County of Riverside, on behalf 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 9.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (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 9.11. 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 9.12. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS, has caused this Indenture to be signed in its name by the chief administrative officer of the Successor Agency, and attested by the Secretary of the Governing Board, and WELLS FARGO BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE  
CITY OF DESERT HOT SPRINGS**

By: \_\_\_\_\_  
City Manager  
City of Desert Hot Springs

ATTEST:

\_\_\_\_\_  
Secretary, Governing Board

**WELLS FARGO BANK NATIONAL  
ASSOCIATION,  
*as Trustee***

By: \_\_\_\_\_  
Authorized Officer



**EXHIBIT A**

(FORM OF BOND)

UNITED STATES OF AMERICA  
 STATE OF CALIFORNIA  
 COUNTY OF RIVERSIDE  
 CITY OF DESERT HOT SPRINGS

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT  
 HOT SPRINGS  
 2017 SUBORDINATE TAX ALLOCATION REFUNDING BOND

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP:</u>
	SEPTEMBER 1,	JULY 28, 2017	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

The SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS, a public entity, duly created 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 \_\_\_\_\_, 2017, 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 March 1 and September 1 in each year, commencing September 1, 2017 (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the principal corporate trust office of Wells Fargo Bank National Association, \_\_\_\_\_, California, as trustee (the "Trustee"), or at such other place as designated by the Trustee (the "Corporate Trust Office"). Interest hereon (including the final interest payment upon maturity or earlier redemption hereof) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for which such Interest Payment Date occurs; provided however,

that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose prior to the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs 2017 Subordinate Tax Allocation Refunding Bonds" (the "Bonds"), in an aggregate principal amount of \$\_\_\_\_\_, all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, redemption and other provisions) and all issued pursuant to the provisions of Section 34177.5 of the Health and Safety Code of the State of California and 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 pursuant to an Indenture of Trust, dated as of May 1, 2017, 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 also 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 Law (as defined in the Indenture) and the Refunding Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency for the purpose of providing funds to refund its Refunded Bonds (as defined in the Indenture), to provide for a debt service reserve fund and to pay certain expenses of the Successor Agency in issuing the Bonds.

There has been created under the Law the Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment, when due, of the principal of and the interest and redemption premium, if any, on the Bonds. As and to the extent set forth in the Indenture, all such Tax Revenues are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture and the 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 and the Reserve Account (as such terms are defined in the Indenture). Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

The Bonds maturing on or prior to September 1, \_\_\_\_\_, are not subject to optional redemption. The Bonds maturing on or after September 1, \_\_\_\_\_, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after September 1, \_\_\_\_\_, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a

redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid 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 principal amount and maturities to be redeemed at least forty five (45) days prior to the date fixed for such redemption (or such later date as shall be acceptable to the Trustee in the sole determination of the Trustee), and shall transfer to the Trustee for deposit in the Debt Service Fund all amounts required for such redemption not later than the date fixed for such redemption.

The Bonds that are Term Bonds maturing on September 1, \_\_\_\_\_ and September 1, \_\_\_\_\_ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, \_\_\_\_\_ and September 1, \_\_\_\_\_, respectively, as set forth below, from sinking fund payments made by the Successor Agency and as provided in the Indenture.

Term Bonds of 20

<u>September 1</u>	<u>Principal Amount</u>
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Term Bonds of 20

<u>September 1</u>	<u>Principal Amount</u>
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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 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 Bond during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bond 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 premium (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.

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

This Bond is not a debt of the County of Riverside, the State of California, or any of its political subdivisions, and neither said County, 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 Law, the Refunding 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 Law, the Refunding Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

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

IN WITNESS WHEREOF, the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its chief administrative officer and attested by the Secretary of the Governing Board, as of the Dated Date set forth above.

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE  
CITY OF DESERT HOT SPRINGS

By: \_\_\_\_\_  
City Manager  
City of Desert Hot Springs

ATTEST:

\_\_\_\_\_  
Secretary, Governing Board

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

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

WELLS FARGO BANK NATIONAL  
ASSOCIATION,  
as Trustee

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

[Statement of Insurance to come]

# ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or Tax Regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT _____Custodian _____
TEN ENT --	as tenants by the entireties	(Cust.) (Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____(State)
COMM PROP --	as community property	

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED  
THOUGH NOT IN THE LIST ABOVE

## (FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto

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

(Name, Address and Tax Identification or Social Security Number of Assignee)  
the within-registered Bond and hereby irrevocably constitute(s) and appoints(s) \_\_\_\_\_ attorney,  
to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

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

Signatures Guaranteed:

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

Note: The signatures(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

## DEBT SERVICE PAYMENT SCHEDULE

<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
<b>Total</b>	\$_____.	<b>\$1,407,256.57</b>	<b>\$26,677,256.57</b>

**EXHIBIT C**

**PROVISIONS RELATING TO  
THE 2017 RESERVE POLICY  
AND THE  
2017 Reserve Insurer**

[[to come if applicable]]

## ESCROW DEPOSIT AND TRUST AGREEMENT

THIS ESCROW DEPOSIT AND TRUST AGREEMENT (the "Agreement") is dated as of May 1, 2017 in connection with the issuance of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs 2017 Subordinate Tax Allocation Refunding Bonds (the "Refunding Bonds") and is entered into by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS (herein the "Successor Agency"), a public entity, duly organized and existing under and by virtue of the Constitution and laws of the State of California, and U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent (the "Escrow Agent"), a national banking association having a corporate trust office in California.

### WITNESSETH:

WHEREAS, the Redevelopment Agency of the City of Desert Hot Springs (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (as amended, the "Redevelopment Law"); and

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued the following outstanding series of bonds:

(i) \$7,025,000 initial principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Refunding Bonds, Series 2006 (the "2006 Bonds"), issued pursuant to the Indenture, dated as of August 1, 2006 (the "2006 Indenture"), by and between the Agency and U.S. Bank National Association, as trustee;

(ii) \$15,870,000 initial principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008A-2 issued pursuant to the 2006 Indenture and a First Supplemental Indenture, dated as of April 1, 2008 (the "First Supplement"); and

WHEREAS, the 2006 Indenture, as amended and supplemented, is referred to herein as the "Prior Indenture"; and

WHEREAS, the Successor Agency has determined to defease and redeem the 2006 Bonds and the 2008A-2 Bonds (the "Refunded Bonds"); and

WHEREAS, Assembly Bill X1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 ("AB 1484"), codified Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, and resulted in the dissolution of the Former Agency as of February 1, 2012, and the vesting in the Successor Agency of all of the authority, rights, powers, duties and obligations of the Former Agency; and

WHEREAS, the Successor Agency has authorized the issuance of the Refunding Bonds and determined to use the proceeds of the Refunding Bonds to defease and redeem, in advance of their stated maturities, the Refunded Bonds; and

WHEREAS, the Successor Agency wishes to enter into this Agreement to provide for the proceeds of sale of the Refunding Bonds, together with other funds held by the Escrow Agent, in its capacity as trustee for the Refunded Bonds, to be deposited in an irrevocable special escrow fund created and maintained with the Escrow Agent for the purpose of providing for the defeasance and redemption in full of the outstanding Refunded Bonds; and

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

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth and for other valuable consideration, the Successor Agency and the Escrow Agent agree as follows:

Section 1. Establishment of Escrow Fund; Deposit of Funds. The Successor Agency hereby appoints the Escrow Agent to act as escrow agent for purposes of administering the funds required to defease and redeem the Refunded Bonds in accordance with the Prior Indenture. A special fund to be named the "Escrow Fund" is hereby established by the Successor Agency with the Escrow Agent as an irrevocable escrow to be maintained by the Escrow Agent in trust.

(a) Bond Proceeds; Funds Related to Refunded Bonds. The Escrow Agent shall deposit in the Escrow Fund (A) on the date of issuance of the Refunding Bonds, certain proceeds of the Refunding Bonds (in the amount of \$\_\_\_\_\_) transferred to it by Wells Fargo Bank National Association, as trustee of the Refunding Bonds (in such capacity, the "Refunding Bonds Trustee") and (B) on the date of issuance of the Refunding Bonds, certain other funds related to the Refunded Bonds in the amount of \$\_\_\_\_\_ (all as set forth in Exhibit A hereto) transferred to it by U.S. Bank National Association, in its capacity as trustee of the Refunded Bonds (in such capacity, the "Refunded Bonds Trustee"). The Refunded Bonds Trustee is hereby directed by the Successor Agency to transfer such amounts held by it as set forth in such Exhibit A to the Escrow Agent for deposit in the Escrow Fund.

(b) Remaining Funds. The Refunded Bonds Trustee is further directed to transfer any balance of funds held by it with respect to the Refunded Bonds together with any interest earnings received with respect thereto received on and after the date of delivery of the Refunding Bonds to the Refunding Bonds Trustee for deposit into the Interest Account for the Refunding Bonds.

(c) Insufficiency of Funds. If at any time the Escrow Agent shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required hereunder, the Escrow Agent shall notify the Successor Agency of such fact and the Successor Agency shall promptly cure such deficiency. The Escrow Agent shall not be liable for any such deficiency.

Section 3. Investment of Amounts in Escrow Fund. The Escrow Agent shall use \$\_\_\_\_\_ of the moneys in the Escrow Fund to purchase the securities listed on Exhibit E hereto and shall hold \$\_\_\_\_\_ uninvested.

Section 4. Application of Amounts in Escrow Fund. The Escrow Agent is hereby instructed to withdraw from the Escrow Fund and transfer to the Refunded Bonds Trustee an amount required to pay the principal of and interest and redemption premium on the Refunded Bonds, in accordance with the schedule attached as Exhibit B hereto.

**Section 5. Notice of Refunding; Notice of Defeasance.** The Refunded Bonds Trustee was previously instructed to mail pursuant to the applicable Prior Indenture, and with respect to the proposed redemption of the Refunded Bonds on the dates specified in Exhibit B, a notice of redemption to the owners of the Refunded Bonds and any other parties required pursuant to the Prior Indenture substantially in the forms attached hereto as Exhibit C-1 through C-3. The Escrow Agent is hereby instructed to mail pursuant to the applicable Prior Indenture, and with respect to the proposed redemption of the 2006A Bonds and 2006B Bonds on the dates specified in Exhibit B, a notice of redemption to the owners of the Refunded Bonds and any other parties required pursuant to the Prior Indenture substantially in the forms attached hereto as Exhibit C. The Escrow Agent is hereby instructed to file on the Closing Date the notices attached hereto as Exhibit D on the Municipal Securities Rulemaking Board's EMMA System.

**Section 6. Records.** The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money accruing to the Escrow Agent hereunder, and such books shall be available for inspection at reasonable hours and under reasonable conditions with reasonable prior notice by the owners of the Refunded Bonds and the Refunding Bonds.

**Section 7. Proper Filings.** The Successor Agency will, at its expense, execute, acknowledge, deliver or file this Agreement and assignments, transfers, financing statements, continuation statements, and assurances required for the better assuring, conveying, pledging, assigning and confirming unto the Escrow Agent, the moneys hereby pledged, or intended so to be or which the Successor Agency may be or may hereafter become bound to pledge, convey or assign to the Escrow Agent or for carrying out the intention or facilitating the performance of the terms of this Agreement.

**Section 8. Discharge.** The covenants, liens and pledges entered into, created or imposed pursuant to this Agreement shall be fully discharged, and satisfied when all of the Refunded Bonds shall have been paid in full, as to principal, premium and interest. Upon such discharge and satisfaction this Agreement shall cease, terminate and become null and void, and thereupon the Escrow Agent shall, upon the written request of the Successor Agency, forthwith execute proper instruments acknowledging satisfaction and discharge of this Agreement.

**Section 9. Termination; Unclaimed Funds.** Notwithstanding any other provision of this Agreement any money held by the Refunded Bonds Trustee for the payment of the principal of, premium and interest on the Refunded Bonds and remaining unclaimed for two (2) years after the principal of all of the Refunded Bonds shall have been called for redemption and after the date of redemption shall then be repaid to the Successor Agency upon its written request, and the registered owners of the Refunded Bonds shall thereafter be entitled to look only to the Successor Agency for the repayment thereof, and liability of the Escrow Agent with respect to such money shall thereupon cease. In the event of the repayment of any such money to the Successor Agency as aforesaid, the registered owners of the Refunded Bonds secured hereby with respect to which such money was deposited shall thereafter be deemed to be unsecured creditors of the Successor Agency, without interest. Notwithstanding the foregoing the Escrow Agent shall, upon the written request of the Successor Agency repay such money to the Successor Agency at any time earlier than two (2) years, if failure to repay such money to the Successor Agency, within such earlier period shall give rise to the operation of any escheat statute under applicable State law. Any unclaimed funds repaid to the Successor Agency with

respect to the Refunded Bonds shall be placed by the Successor Agency in the Debt Service Fund for the Refunding Bonds and used for credit on debt service on the Refunding Bonds.

**Section 10. No Implied Duties; No Rights to Others.** Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the Successor Agency, the Escrow Agent, the Refunded Bonds Trustee and the registered owners of the Refunded Bonds, any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Successor Agency, the Escrow Agent and the Owners of the Refunded Bonds. The Escrow Agent shall perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

**Section 11. Immunities and Liabilities of Escrow Agent.**

(A) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Agreement.

(B) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the Successor Agency) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(C) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein or in the Resolution of Issuance.

(D) The Escrow Agent may become the owner of, or acquire any interest in, any of the Refunded Bonds with the same rights that it would have if it were not the Escrow Agent, and may engage or be interested in any financial or other transaction with the Successor Agency.

(E) The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal, interest or premiums, if any, on the Refunded Bonds and shall not be liable for any insufficiency of such moneys and securities to affect such payment.

(F) The Escrow Agent shall not be liable for any action or omission of the Successor Agency under this Agreement or the Resolution of Issuance.

(G) Whenever in the administration of this Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established before taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized official of the Successor Agency, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(H) The Escrow Agent may at any time resign by giving written notice to the Successor Agency of such resignation. The Successor Agency shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the Successor Agency does not appoint a successor, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the Successor Agency may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the Successor Agency appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the Successor Agency, shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

(I) The Successor Agency agrees to indemnify the Escrow Agent, its agents and its officers or employees for and to hold the Escrow Agent, its agents, officers or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel, including in-house counsel, for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent at any time by reason of the performance of its duties as Escrow Agent hereunder and under the Resolution of Issuance, in any transaction arising out of this Agreement or the Bond Resolution or any of the transactions contemplated herein or in the Resolution of Issuance, unless due to the Escrow Agent's or its officers' or employees' or agents' negligence or willful misconduct. Such indemnity shall survive the termination of this Agreement or resignation or removal of the Escrow Agent.

(J) All notices, certificates or other communications hereunder with the Escrow Agent shall be addressed to the Escrow Agent at:

U.S. Bank National Association  
Global Corporate Trust Services  
LM-CA-T24T  
644 W. Fifth Street, 24th Floor  
Los Angeles, California 90071  
Reference: Successor Agency to the Redevelopment Agency City of  
Desert Hot Springs 2017 Escrows

**Section 12. Waiver of Notice.** Whenever in this Agreement the giving of notice by mail or otherwise shall be required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**Section 13. Fees.** The Escrow Agent's fees, expenses and reimbursement for costs incurred, for and in carrying out the provisions of this Agreement have been fixed by separate agreement. The Escrow Agent shall also be entitled to additional fees, expenses and reimbursement for costs incurred in connection with the performance of its duties and exercise of its powers hereunder, including but not limited to legal and accounting services, in connection

with any litigation which may at any time be instituted involving this Agreement. The fees incurred by the Escrow Agent shall in no event be deducted from the Escrow Fund.

*Section 14. Severability.* In case any one or more of the provisions contained in this Agreement 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 provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provisions has never been contained herein.

*Section 15. Counterparts.* This 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 such counterparts, or as many of them as the Agency and the Escrow Agent shall preserve undestroyed, shall together constitute but one and the same instrument.

*Section 16. Business Days.* Whenever any act is required by this Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day, then such act may be done on the next succeeding business day.

*Section 17. California Law.* This Agreement shall be governed exclusively by and interpreted in accordance with, the laws of the State of California.



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

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE  
CITY OF DESERT HOT SPRINGS

By: \_\_\_\_\_  
City Manager

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

By: \_\_\_\_\_  
Authorized Officer

**ACKNOWLEDGEMENT OF U.S. BANK NATIONAL ASSOCIATION,  
AS REFUNDED BONDS TRUSTEE**

U.S. Bank National Association, as Refunded Bonds Trustee, hereby acknowledges the provisions of this Agreement and, to the extent such provisions are applicable, U.S. Bank National Association, in its capacity as Refunded Bonds Trustee, agrees to comply therewith.

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

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**  
**FUNDS TRANSFERRED BY REFUNDED BONDS TRUSTEE**  
**TO**  
**ESCROW FUND**

**2006 Bonds**

	Fund	Amount
	Debt Service Fund	\$
Total		\$

**2008A-2 Bonds**

	Fund	Amount
	Fund	
	Interest Fund	
	Principal Fund	
Total		

<b>Total Funds Transferred</b>	<b>\$</b>
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**EXHIBIT B****PAYMENT AND REDEMPTION SCHEDULE OF REFUNDED BONDS**

<b>2006 Bonds</b>				
Payment Date	Interest	Maturing Principal	Principal Redeemed	Total
___/___/17	\$	\$	\$	\$

<b>2008A-2 Bonds</b>				
Payment Date	Interest	Maturing Principal	Principal Redeemed	Total
9/1/18	\$	\$	\$	\$

**EXHIBIT C-1****FORM OF CONDITIONAL NOTICE OF FULL OPTIONAL REDEMPTION****\$7,025,000**

**Redevelopment Agency of the City of Desert Hot Springs  
Merged Redevelopment Project  
Tax Allocation Refunding Bonds, Series 2006**

**Date of Issuance: August 23, 2006**

<u>Maturity Date</u>	<u>Outstanding Principal Amount</u>	<u>Interest Rate</u>	<u>*CUSIP No.</u>
01-Sep-2017	\$625,000	4.000%	250419DL9
01-Sep-2018	645,000	4.000	250419DM7
01-Sep-2019	665,000	4.125	250419DN5
01-Sep-2020	80,000	4.250	250419DP0
01-Sep-2021	10,000	4.250	250419DQ8

NOTICE IS HEREBY GIVEN by the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the "Successor Agency") that all of the above described bonds (the "Bonds") have been called for optional redemption on \_\_\_\_\_, 2017 (the "Redemption Date") pursuant to Section \_\_\_\_\_ of the Indenture, dated as of August 1, 2006 ("the "Indenture"), by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium (the "Redemption Price"). Interest will not accrue on the Bonds after the redemption date.

[[Redemption of the Bonds as described in this notice shall be conditioned upon the receipt by the Trustee of the proceeds of the sale and delivery of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs 2017 Subordinate Tax Allocation Refunding Bonds in an amount sufficient for such redemption on or before the Redemption Date.]]

[[In the event such funds are not received by the Redemption Date, this notice shall be null and void and of no force and effect. The Bonds delivered for redemption shall be returned to the respective owners thereof, and said Bonds shall remain outstanding as though this notice of conditional redemption had not been given. Notice of a failure to receive funds, and cancellation of this redemption, shall be given by the Trustee by first class mail, postage prepaid, to the registered owners of the Bonds.]]

Payment of the Redemption Price on the Bonds called for redemption will be paid without presentation of the Bonds if presentment is not required and upon presentation of the Bonds if presentment is required. If presentment is required, surrender thereof can be made in the following manner:

**If by Hand or Overnight Mail:**

U. S. Bank  
Corporate Trust Services  
111 Fillmore Ave E  
St. Paul, MN 55107

Bondholders presenting their bonds for the same day payment must surrender their bond no later than 1:00 P.M. CST on the Redemption Date and a check will be available for pickup after 2:00 P.M. CST. Checks not picked up by 4:30 P.M. will be mailed out to the bondholder via first class mail. If

payment of the Redemption Price is to be made to the registered owner of the Bond you are not required to endorse the Bond to collect the Redemption Price.

#### **REQUIREMENT INFORMATION**

For a list of redemption requirements please visit our website at **[www.usbank.com/corporatetrust](http://www.usbank.com/corporatetrust)** and click on the “**Bondholder Information**” link.

#### **IMPORTANT NOTICE**

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), 28% will be withheld if tax identification number is not properly certified.

*\*The Undersigned shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the Holders.*

**Dated: \_\_\_\_\_, 2017**

**U.S. Bank National Association,  
as Trustee**

**EXHIBIT C-2****FORM OF NOTICE OF FULL OPTIONAL REDEMPTION****\$15,870,000**

**Redevelopment Agency of the City of Desert Hot Springs  
Merged Redevelopment Project  
Tax Allocation Bonds, Series 2008A-2**

**Date of Issuance: April 30, 2008**

<u>Maturity Date</u>	<u>Outstanding Principal Amount</u>	<u>Interest Rate</u>	<u>*CUSIP No.</u>
01-Sep-2023	\$	5.000%	250419DT2
01-Sep-2028		5.250	250419DU9
01-Sep-2038		5.750	250419DV7
01-Sep-2038		5.600	250419DW5

NOTICE IS HEREBY GIVEN by the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the "Successor Agency") that all of the above described bonds (the "Bonds") have been called for optional redemption on September 1, 2018 (the "Redemption Date") pursuant to Section \_\_\_\_\_ of the Indenture, dated as of August 1, 2006, by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented and amended by a First Supplemental to Indenture of Trust, dated as of April 1, 2008 ("collectively, the "Indenture"), at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium (the "Redemption Price"). Interest will not accrue on the Bonds after the redemption date.

Payment of the Redemption Price on the Bonds called for redemption will be paid without presentation of the Bonds if presentment is not required and upon presentation of the Bonds if presentment is required. If presentment is required, surrender thereof can be made in the following manner:

**If by Hand or Overnight Mail:**

U. S. Bank  
Corporate Trust Services  
111 Fillmore Ave E  
St. Paul, MN 55107

Bondholders presenting their bonds for the same day payment must surrender their bond no later than 1:00 P.M. CST on the Redemption Date and a check will be available for pickup after 2:00 P.M. CST. Checks not picked up by 4:30 P.M. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Bond you are not required to endorse the Bond to collect the Redemption Price.

**REQUIREMENT INFORMATION**

For a list of redemption requirements please visit our website at [www.usbank.com/corporatetrust](http://www.usbank.com/corporatetrust) and click on the "Bondholder Information" link.

**IMPORTANT NOTICE**

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), 28% will be withheld if tax identification number is not properly certified.

*\*The Undersigned shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the Holders.*

**Dated: \_\_\_\_\_, 2017**

**U.S. Bank National Association,  
as Trustee**



**EXHIBIT D-1****FORM OF NOTICE OF DEFEASANCE****\$7,025,000**

**Redevelopment Agency of the City of Desert Hot Springs  
Merged Redevelopment Project  
Tax Allocation Refunding Bonds, Series 2006**

**Date of Issuance: August 23, 2006**

<u>Maturity Date</u>	Outstanding	<u>Interest Rate</u>	<u>*CUSIP No.</u>
	Principal <u>Amount</u>		
01-Sep-2017	\$625,000	4.000%	250419DL9
01-Sep-2018	645,000	4.000	250419DM7
01-Sep-2019	665,000	4.125	250419DN5
01-Sep-2020	80,000	4.250	250419DP0
01-Sep-2021	10,000	4.250	250419DQ8

NOTICE IS HEREBY GIVEN, by the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the "Successor Agency") with respect to the above captioned bonds (the "Bonds"), that the Bonds (the "Refunded Bonds") have been defeased and discharged under and within the meaning of the Indenture authorizing the issuance of the Bonds. Funds for the payment of the Refunded Bonds have been deposited with U.S. Bank National Association, as escrow agent ("Escrow Agent"). As a consequence of the foregoing actions and in accordance with the Indenture, the Refunded Bonds are no longer secured by a pledge of revenues under the Indenture, and the Refunded Bonds are now payable solely from the moneys set aside in escrow as described above and, if necessary, from other legally available funds of the Successor Agency.

The Successor Agency has irrevocably elected to redeem all of the outstanding Refunded Bonds on \_\_\_\_\_, 2017, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Successor Agency and the Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

Dated: \_\_\_\_, 2017

**U.S. Bank National Association,  
as Escrow Agent**

**EXHIBIT D-2**

**FORM OF NOTICE OF DEFEASANCE****\$15,870,000**

**Redevelopment Agency of the City of Desert Hot Springs  
Merged Redevelopment Project  
Tax Allocation Bonds, Series 2008A-2**

**Date of Issuance: April 30, 2008**

<u>Maturity Date</u>	Outstanding Principal <u>Amount</u>	<u>Interest Rate</u>	<u>*CUSIP No.</u>
01-Sep-2023	\$	5.000%	250419DT2
01-Sep-2028		5.250	250419DU9
01-Sep-2038		5.750	250419DV7
01-Sep-2038		5.600	250419DW5

NOTICE IS HEREBY GIVEN, by the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the "Successor Agency") with respect to the above captioned bonds (the "Bonds"), that the Bonds (the "Refunded Bonds") have been defeased and discharged under and within the meaning of the Indenture authorizing the issuance of the Bonds. Funds for the payment of the Refunded Bonds have been deposited with U.S. Bank National Association, as escrow agent ("Escrow Agent"). As a consequence of the foregoing actions and in accordance with the Indenture, the Refunded Bonds are no longer secured by a pledge of revenues under the Indenture, and the Refunded Bonds are now payable solely from the moneys set aside in escrow as described above and, if necessary, from other legally available funds of the Successor Agency.

The Successor Agency has irrevocably elected to redeem all of the outstanding Refunded Bonds on September 1, 2018, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Successor Agency and the Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

**Dated: \_\_\_\_\_, 2017**

**U.S. Bank National Association,  
as Escrow Agent**



**EXHIBIT E**

**ESCROW SECURITIES**

Purchase Date	Type Security	of Type	of SLGS	Maturity Date	First Interest Payment Date	Par Amount	Rate	Max Rate
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