



1 Civic Center Circle, Brea, CA 92821-5732

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City Council and Successor Agency to the Brea Redevelopment Agency Agenda

Tuesday, April 4, 2017

5:30 p.m. - Closed Session

6:15 p.m. - Study Session

7:00 p.m. - General Session

Cecilia Hupp, Mayor

Glenn Parker, Mayor Pro Tem

Christine Marick, Council Member

Marty Simonoff, Council Member

Steven Vargas, Council Member

This agenda contains a brief general description of each item Council will consider. The City Clerk has on file copies of written documentation relating to each item of business on this Agenda available for public inspection. Contact the City Clerk's Office at (714) 990-7756 or view the Agenda and related materials on the City's website at www.cityofbrea.net. Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

Procedures for Addressing the Council

The Council encourages interested people to address this legislative body by making a brief presentation on a public hearing item when the Mayor calls the item or address other items under **Matters from the Audience**. State Law prohibits the City Council from responding to or acting upon matters not listed on this agenda.

The Council encourages free expression of all points of view. To allow all persons the opportunity to speak, please keep your remarks brief. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of your entire group. Council rules prohibit clapping, booing or shouts of approval or disagreement from the audience. PLEASE SILENCE ALL PAGERS, CELL PHONES AND OTHER ELECTRONIC EQUIPMENT WHILE COUNCIL IS IN SESSION. Thank you.

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

Important Notice

The City of Brea shows both live broadcasts and replays of City Council Meetings on Brea Cable Channel 3 and over the Internet at www.cityofbrea.net. Your attendance at this public meeting may result in the recording and broadcast of your image and/or voice as previously described.

CLOSED SESSION
5:30 p.m. - Executive Conference Room
Level Three

CALL TO ORDER / ROLL CALL - COUNCIL

1. Public Comment

Closed Session may convene to consider matters of purchase / sale of real property (G. C. §54956.8), pending litigation [G.C. §54956.9(d)(1)], potential litigation [G.C. §54956.9(d)(2)(3) or (4)], liability claims (G. C. §54961) or personnel items (G.C. §54957.6). Records not available for public inspection.

2. Potential Litigation - Conference with Legal Counsel Pursuant to Government Code §54956.9 - One Case - McCarthy Building Companies, Inc., for the Brea Superblock I Parking Structure - Public Works Director Tony Olmos

3. Conference with Legal Counsel - Anticipated Litigation - Initiation of Litigation Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9. (1 case)

STUDY SESSION
6:15 p.m. - Executive Conference Room
Level Three

CALL TO ORDER / ROLL CALL - COUNCIL

4. Public Comment

5. Clarify Regular Meeting Topics

DISCUSSION ITEMS

6. Appointment to Parks, Recreation & Human Services Commission

7. Discussion of California Domestic Water Company Organizational Review by Brownstein Hyatt Farber Schreck, LLP

REPORTS

8. Council Member Report

GENERAL SESSION
7:00 p.m. - Council Chamber
Plaza Level

CALL TO ORDER/ ROLL CALL - COUNCIL

9. **Pledge of Allegiance: Brea Boy Scout Troop 801**
10. **Invocation: Sergio Sanchez, The Church of Jesus Christ of Latter Day Saints**
11. **Proclamation: DMV/Donate Life California Month**
12. **Presentation: History of Brea: "A Future..."**
13. **Report - Prior Study Session**
14. **Community Announcements**
15. **Matters from the Audience**
16. **Response to Public Inquiries - Mayor / City Manager**

CONSENT CALENDAR - *The City Council/Successor Agency approves all Consent Calendar matters with one motion unless Council/Agency or Staff requests further discussion of a particular item. Items of concern regarding Consent Calendar matters should be presented during "Matters from the Audience."*

CITY COUNCIL - CONSENT

17. **March 21, 2017 City Council Regular Meeting Minutes - Approve**
18. **January 23, 2017 Parks, Recreation and Human Services Commission Meeting Minutes - Receive and File.**
19. **Amendment No. 1 to the Agreement with U.S. Metro Group, Inc. for Janitorial and Related Services at Various City Facilities** - Approve Amendment No. 1 to the Annual Agreement with U.S. Metro Group, Inc. for Janitorial Services. There are Sufficient Funds in the Current Budget to Cover the Additional Expense for this Fiscal Year ("FY"). The Remaining Amount and Future Increases will be Bin FY 2017-18 and FY 2018-19.
20. **Additional Appropriation For The Glenbrook Tract Water and Street Improvements, Project 7452**
- 1) Adopt **Resolution 2017-018** to Appropriate an Additional \$314,000 from the Water Fund (Fund 420) for Project Contingency and Project Administration. and 2) Increase Construction Contingency from 10% to 22%. The Total Approved Budget for the Project Was \$2,900,000 with Funding Coming From a Combination of Measure M (\$663,000), Sewer (\$30,000), Urban Runoff (\$7,000), and Water (\$2,200,000) Funds.

21. **Approve Purchase of Two Police Interceptor Utility SUVs in the Amount of \$60,993.72** - Authorize the City to Proceed with the Purchase of Two Police Interceptor Utility SUVs in the Amount of \$60,993.72. However, a 2% Discount will be Applied If Payment is Processed Within 20 Days of Delivery of Vehicles Bringing the Total Amount to \$59,773.85. Sufficient Funding Has Been Included in the FY 2016-17 Budget.
22. **Feasibility Study and Conceptual Plan for Western Extension to The Tracks at Brea Trail** - Approve Amendment #6 with David Evans and Associates (DEA) to Provide a Feasibility Study and Conceptual Plan for Western Extension to The Tracks at Brea Trail. The Cost Estimate from DEA to Provide the Feasibility Study and Conceptual Design is \$25,525 and the Work Would Need to be Funded from the General Fund.
23. **Approval of a MOU Between the City of Brea and the Brea Police Management Association (BPMA)** - Adopt **Resolution 2017-019** Approving the Memorandum Of Understanding (MOU) with the Brea Police Management Association. The Estimated Net General Fund Impact of Entering into the Agreement with BPMA is \$21,734 in 2017 and \$67,587 in 2018.
24. **February Outgoing Payment Log and March 24 & 31, 2017 City Check Registers** - Receive and File.

CITY/ SUCCESSOR AGENCY - ADMINISTRATIVE ITEM

25. **Authorization for the Successor Agency to the Brea Redevelopment Agency for the Issuance and Sale of Tax Allocation Refunding Bonds to Refinance Outstanding 2003 Tax Allocation Bonds and 2011 Tax Allocation Bonds, Series A and Taxable Series B of the Former Brea Redevelopment Agency, Relating to Project Area AB; Requesting Certain Actions and Findings by the Oversight Board and Approving Related Matters** - Adopt **Resolution SA 2017-04** Authorizing the Issuance and Sale of Tax Allocation Refunding Bonds to Refinance Outstanding 2003 and 2011 Bonds of the Former Brea Redevelopment Agency Relating to Project Area AB, Requesting Certain Actions and Findings by Oversight Board, and Approving Related Matters. This Will Result in an Average Annual Increase of Approximately \$182,570 in Property Tax Revenues to the City's General Fund.

JOINT CONSENT ITEM WITH CITY COUNCIL AND SUCCESSOR AGENCY

26. **Bond Proceeds Funding Agreement Between the City of Brea and the Successor Agency to the Brea Redevelopment Agency for the 2011A Non-Housing Bonds** - Adopt **City Resolution 2017-020** and **Successor Agency Resolution SA 2017-05** Approving the Bond Proceeds Funding Agreement.

CITY/SUCCESSOR AGENCY - CONSENT ITEM

27. **Second Amendment to the Brea Mall Owner Participation Agreement OPA** - Adopt **Resolution SA 2017-06** Approving the Second Amendment to the Brea Mall Owner Participation Agreement.
28. **March 24, 2017 Successor Agency Check Register** - Receive and File.

ADMINISTRATIVE ANNOUNCEMENTS

29. City Manager

30. City Attorney

COUNCIL ANNOUNCEMENTS

ADJOURNMENT

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: City Manager

DATE: 04/04/2017

SUBJECT: Discussion of California Domestic Water Company Organizational Review by Brownstein Hyatt Farber Schreck, LLP

BACKGROUND/DISCUSSION

On October 18, 2016 the City Council requested Scott Slater, Partner with the law firm Brownstein Hyatt Farber Schreck, LLP (Brownstein) to review and report back on the following three items:

- Organizational structure of Cal Domestic Water Company and its related subsidiary companies
- Verification of Water Rights owned by Brea
- Review of recent acquisitions of permanent water rights by Brea

Upon execution of contract for services a host of documents and materials were sent to Brownstein to review for the purpose of preparing their independent report as requested by the Council.

Their report has now been completed and Scott Slater will be present to deliver the report to the Council.

FISCAL IMPACT/SUMMARY

The City Council authorized expenditures from the Water Fund to complete this review. An amount of \$25,000 was authorized and to date \$17,216 has been expended from invoices dated through January 31, 2017. Invoices from Brownstein have not yet been received for February and March services.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Memorandum

DATE: March 29, 2017

TO: Brea City Council
Bill Gallardo, City Manager
City of Brea

FROM: Scott Slater and Michelle Pickett

RE: City of Brea - Water Rights Analysis

I. Describe California Domestic Water Company and its organizational structure

A. California Domestic Water Company ("CDWC")

CDWC was incorporated on October 9, 1902 (CASOS #C0036332) as a general stock corporation. Currently, CDWC is a wholesale water distribution company that provides water exclusively to its stockholders. CDWC is exempt from federal income tax under Section 501(c)(12) of the Internal Revenue Code of 1986, as amended. For California income tax purposes, CDWC is taxed as a C corporation.

CDWC possesses adjudicated water rights in the Main San Gabriel Basin (the "Basin"). Water rights are considered an interest in real property. (*State of California v. Riverside County Superior Court* (2000) 78 Cal.App.4th 1019, 1025.)

In addition to holding and leasing groundwater rights, CDWC is a participant in the Century and Rio Hondo Water Reclamation projects that generate water supplies. Specifically, the Century and Rio Hondo reclaimed water distribution systems are interconnected, providing the members with two independent water supplies to enhance reliability, flexibility and system pressure and flows for various communities in the region. A 21,000 gpm pump station will deliver San Jose Creek Water Reclamation Plant effluent to CDWC, while a converted four million gallon potable reservoir will provide both daily operational storage of reclaimed water and an emergency backup potable water supply, for no additional capital expenditures.

As of June 30, 2016, there were 8,005 shares of Common Stock issued (of which 225.5 shares are reported as being held in treasury stock), and 1,624.45 shares of Class A Preferred Stock issued and outstanding. 10,000 shares of each are authorized.¹ Preferred Stockholders have certain rights and privileges, including a commitment of CDWC to use the proceeds for the acquisition of water rights to procure water for the exclusive benefit of the holder of the preferred stock. The

¹ 2015-2016 CDWC Annual Report to Shareholders

Preferred Stockholders as of June 30, 2016 are City of La Habra, City of Brea, and Suburban Water Systems.²

B. Cadway, Inc. (“Cadway”)

In 1964, Cadway (CASOS #C0474857) was formed as a wholly-owned subsidiary of CDWC. It is a water rights holder in the Basin, and leases such water rights to CDWC on an annual basis for the benefit of the CDWC stockholders.³ Cadway and CDWC share the same staff and Board of Directors. According to the findings of the Orange County District Attorney (the “District Attorney”) from August 2015, Cadway “is the for-profit arm of CDWC that allows CDWC to retain its not-for-profit status.”⁴ Cadway is treated as a C-corporation for federal and state income tax purposes.

Audited consolidated financials are prepared for CDWC and Cadway.

C. Pellissier Co-Tenancy (the “Co-Tenancy”)

The Co-Tenancy was formed in 2002 for the purpose of providing its 40+ participants (referred to as “Co-Tenants”) with a percentage interest in 6,490 AF of prescriptive pumping rights in the Basin.⁵ Both CDWC and Cadway are Co-Tenants. Cadway owns a 13.19213% interest and CDWC owns a 10.32437% interest.⁶ These interests are reflected in CDWC’s consolidated financial statements for year ending June 30, 2016 as “Water Rights Investments” – “Co-tenancy water rights” in the amount of \$3,620,011 for Cadway and \$8,430,654 for CDWC, respectively.⁷ CDWC anticipates that ultimately it will own 100% of the 6,490 AF of prescriptive water rights.⁸

D. WAMANCO, LLC

WAMANCO (CASOS #200116610114) was formed on June 13, 2001 to manage the water rights owned by the Co-Tenancy. The managing members of WAMANCO include three Pellissier family members, one CDWC representative, and one Covina Irrigating Company representative.⁹ CDWC provides administrative support to WAMANCO and receives \$5,400 annually from WAMANCO for providing such services.¹⁰

Section I Conclusion: We have reviewed available information about CDWC and its affiliates and, while the organizational structure of CDWC and its affiliates is complicated, there is nothing about the specific structure that is legally impermissible.

² See footnote 1

³ See footnote 1

⁴ See District Attorney letter dated August 13, 2015

⁵ See footnote 1

⁶ See footnote 1

⁷ Note 3 of the Notes to the Consolidated Financial Statements FYE 6/30/2016, as contained in the 2015-2016 CDWC Annual Report to Shareholders

⁸ See footnote 1

⁹ See footnote 1

¹⁰ See footnote 1

II. Identify the City's interest in CDWC, and the City's rights and responsibilities as a CDWC stockholder

The City owns 26.77%¹¹ of the issued and outstanding shares of Common Stock in CDWC, and thereby it is entitled to a proportionate share of the water supplied by CDWC each year. Further, the City may obtain additional water by leasing shares from other stockholders, if and when it is available.

The City imports 100% of its wholesale treated water from two sources: CDWC and MWDOC. 70% of the supply is from CDWC.¹²

On the one hand, the water purchased through the City's ownership interest in CDWC is foreign water (not native to the Basin under natural conditions) and is supplied from sources outside of the Basin and imported into the Basin and not subject to the percentage allocation. On the other hand, the Basin water supply is allocated in the form of "production rights" which are owned by CDWC and allows CDWC to withdraw water from the Basin and provide water to its stockholders.

As of September/October 2016, according to information provided by the City to our firm, the City held the following interests in CDWD:

- 2,106.50 shares of Common Stock
- 687.85 shares of Class A Preferred Stock
- A total of 1,502.70 "Water Rights" – consisting of July 25, 2013 "Fee Title" of 225 shares and May 13, 2014 "Fee Title" of 1277.70 shares. Fee title describes the complete ownership of the property right as compared to a lesser vested interest, such as a lease.

The City's ownership interest in CDWC entitles the City to purchase water at a specified "entitlement" rate each year. In addition, because other stockholders of CDWC do not exercise their purchase options, there is surplus water (water in excess of shareholder demand). The City has purchased additional water by paying an "over-entitlement" rate. As of 2011¹³ and 2014¹⁴, a share of CDWC stock represents the right to purchase approximately 1.4 AF / 1.55 AF of water, respectively. In 2011 and 2014, the City purchased approximately 2,000 AF / 2,759 AF of water, respectively, at the entitlement rate, and 5,000 AF / 4,500 AF of water, respectively, at the over-entitlement rate.

Ownership of Preferred Stock and Water Rights entitles the holder with an additional right to engage in the annual lease of unused water or the outright sale of all or any portion of such ownership.¹⁵ The distinction between "Preferred Stock" and "Water Rights" are that the Water Rights are held in the City's name in fee title, while Preferred Stock is issued when the City purchases Preferred Stock, the proceeds of which are then used by CDWC to acquire water for the City but it is held in the name of CDWC.

¹¹ Assumes 7,868 total CDWC Common Stock issued and outstanding, with the City holding 2,106.50 shares of CDWC Common Stock

¹² See October 6, 2015 Council Communication re: Proposed Water Rate Structure

¹³ See City Manager's report to City Council dated December 6, 2011

¹⁴ See City Manager's report to City Council dated May 6, 2014

¹⁵ Based on a CDWC email dated September 6, 2016

III. Identify the contracts at issue. What did the City acquire from CDWC? Who was involved in the contracts?

The following summary is based on our review of the available data.

A. 664.10 Class A Preferred Stock (December 2011) (@ \$12,259.18/per share)

A memorandum from the City Manager's office to the City Council dated December 6, 2011, recommended that the City purchase of 665 AFY of water rights in the Basin and an interfund loan from other City funds to the Water Fund. [Note that the City and La Habra were also approached in 2011 to purchase additional production rights in the Basin that would then be held by CDWC and entitle the City to purchase more water at the entitlement rate (versus the over-entitlement rate). The proposed purchase price was approximately \$8,152,235 (665AF x \$12,259 per AF).]

On December 14, 2011, the City purchased **664.14 shares of CDWC Class A Preferred Stock** at \$12,259.18 per share. Documentation for the transaction consists of a form of an Invoice from CDWC and an Authorization of Wire Transfer. This purchase resulted in the issuance of Preferred Stock Certificate #1 for 664.10 shares of Class A Preferred Stock.¹⁶ The individuals identified on the related documentation include Tim O'Donnell as City Manager, Charles View as Public Works Director, and Bill Gallardo as Administrative Services Director, with apparent legal authority to execute the documents.

B. 23.75 Class A Preferred Stock (May 2013) (@ \$12,740.71/per share)

In May 2013, CDWC offered to sell and the City agreed to purchase **23.75 shares of Class A Preferred Stock** at \$12,740.71 per share for an aggregate purchase price of \$302,591.86. Documentation consists of an offer and acceptance letter, an invoice, a City voucher and a copy of a check for the purchase price. The purchase resulted in the issuance of Preferred Stock Certificate #3. The individuals identified on the related documentation are Jim Byerrum (CDWC President) and Charlie View (City), with apparent legal authority to execute the documents.

C. 225 Fee Title Water Rights (July 2013) (@ \$15,500/per share) – Reclassified as a Water Right

In July 2013, CDWC offered to sell and the City agreed to purchase **225 shares of Class A Preferred Stock**. Each share entitles the City to the exclusive use of 1 AF of water. The per share purchase price was \$15,500 – with an aggregate purchase price of \$3,487,500. Documentation consists of an offer and acceptance letter, an invoice, and evidence of a wire transfer. The purchase resulted in the issuance of Preferred Stock Certificate #7. The individuals identified on the related documentation are Jim Byerrum (CDWC President) and Charlie View and Bill Gallardo on behalf of the City, with apparent legal authority to execute the documents. While the transaction was initially characterized as an acquisition of Class A Preferred Stock, it was upgraded upon reclassification to a Water Right because the City acquired fee title and holds the right in its name.

¹⁶ There was an immaterial discrepancy between the actual issuance of 664.10 Class A stock even though the City paid for 664.14 shares: a difference of less than 4/100 of an acre-foot.

D. 1,277.72 Fee Title Water Rights (April/May 2014) (@ \$16,000/per share) – Reclassified as a Water Right

In April/May 2014, CDWC offered to sell and the City agreed to purchase **1,277.72 shares of Class A Preferred Stock**. Each share entitles the City to the exclusive use of 1 AF of water. The per share purchase price was \$16,000 – with an aggregate purchase price of \$20,443,520. The proceeds were to be used by CDWC to acquire 1,277.72 AF of Basin Water Rights to be represented by Class A shares which would be issued to the City. Documentation consists of an offer and acceptance letter, an invoice and wire transfer authorization, the May 6, 2014 City Council Agenda, the City Manager's report to City Council for the May 6 Council meeting, and draft Council resolutions. This purchase resulted in the issuance of Preferred Stock Certificate #8¹⁷. The individuals identified on the related documentation are Bill Gallardo (Acting City Manager), Lee Squire (City Financial Services Manager), Eric Nicoll (Interim Public Works Director), Jim Byerrum (CDWC President), Brett Murdock (Mayor), Christine Marick (Mayor Pro Tem), and Council Members Ron Garcia, Roy Moore, and Marty Simonoff. While the transaction was initially characterized as an acquisition of Class A Preferred Stock, it was upgraded upon reclassification to a Water Right because the City acquired fee title and holds the right in its name.

E. Water Rights by Transfer

Through a **Permanent Transfer** of Water Rights – Prescriptive Pumping Right instrument dated December 11, 2014, CDWC assigned and transferred **in perpetuity** to the City **rights to 428.12 AF of CDWC's Prescriptive Pumping Right**. This water right was adjudicated to CDWC in the *Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al* (LA Superior Court No. 924128) judgment. Documentation supporting the transaction consists of a fully executed and notarized Permanent Transfer of Water Rights – Prescriptive Pumping Right. Further, the transaction is reflected in the Main San Gabriel Basin Watermaster's 2014-2015 Annual Report. The individuals identified on the related documentation are Jim Byerrum (CDWC President) and Cheryl Balz (City Clerk), with apparent legal authority to execute the documents.

Through another **Permanent Transfer** of Water Rights – Prescriptive Pumping Right instrument dated December 11, 2014, CDWC assigned and transferred **in perpetuity** to the City **rights to 1074.60 AF of CDWC's Prescriptive Pumping Right**. This water right was adjudicated to CDWC in the *Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al* (LA Superior Court No. 924128) judgment. Documentation consists of a fully executed (but notary page missing) Permanent Transfer of Water Rights – Prescriptive Pumping Right, a copy of a signed PCOR, and a recorded Water Rights Grant Deed. Further, the transaction is reflected in the Main San Gabriel Basin Watermaster's 2014-2015 Annual Report. The individuals identified on related documentation are Jim Byerrum (CDWC) and Cheryl Balz (City Clerk), with apparent legal authority to execute the documents.

Because the City cannot draw from the Basin directly (i.e., it has no groundwater extraction facilities), it temporarily assigns its "Water Rights" to CDWC so CDWC can act as the City's intermediary. Through a **Temporary Assignment** or Lease of Water Right instrument dated May 31, 2016, **the City assigned and transferred to** CDWC 100% of its **1,502.72 AF of Prescriptive Pumping Right** (equivalent Production Right of 1,140.53 AF), commencing 7/1/2015 and terminating on 6/30/2016. This water right was adjudicated to the City in the *Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al* (LA Superior Court No. 924128) judgment. See instrument for conditions to the assignment. Immediately prior to 5/31/2016, the City's FY 2015-2016 water production rights includes 1,502.72 AF Prescriptive Pumping Right (1,502.72 AF

¹⁷ There was an immaterial discrepancy between the actual issuance of 1277.70 Class A shares although the City purchased 1277.72 shares.

which carries an equivalent Production/Pumping Right of 1,140.53 AF). The City's "Pumper's Share" is .76035%. The individuals identified on related documentation are Bill Gallardo (City), Anthony Zampello (Executive Officer of Basin Watermaster), and Jim Byerrum (CDWC President), with apparent legal authority to execute the documents.

F. Stock Certificates¹⁸ – By Date of Issuance; Reconciliation

Certificate Number	Date of Issuance	Class	Number of Shares	Notes
A4528	2/2	Common	4296	Canceled; see Certificate #A4588
A4588	8/31/10	Common	4656	See Certificate #A4528 plus 360 shares from Union Oil; canceled; see Certificate #A4603
A4603	4/25/11	Common	4,656.5	See Certificate #A4588 plus .5 shares from E. and C. Javorik; canceled; see Certificate #A4666
4	12/20/11	Class A	664.10	Original Issue; canceled; see Certificate #7
3	5/28/13	Class A	23.75	Original Issue; canceled; see Certificate #7
7	8/12/13	Class A	912.85	See Certificates #1 and #3 plus 225 additional shares purchased; canceled; see Certificate #8
A4666	2/6/14	Common	4,780.5	See Certificate #A4603 plus 124 shares from Union Oil; canceled; see Certificate #A4672
A4672	5/15/14	Common	4,811.5	See Certificate #A4666 plus 31 shares from Union Oil; canceled; see Certificate #A4696
8	5/15/14	Class A	2190.55	See Certificate #7 plus 1277.70 additional shares purchased; canceled; see Certificate #9
9	1/7/15	Class A	687.85	See Certificate #8 less 1,502.70 shares which were reclassified as "Water Rights"
A4696	6/8/15	Common	2,106.5	See Certificate #A4672 plus 295 shares from Union Oil

Section III Conclusion: Having reviewed available information, the documentation supports the purchase of Common Stock, Class A Preferred Stock, and Water Rights as reported by the City.

IV. Results of prior investigations

A. Orange County District Attorney¹⁹

An investigation was conducted by the Orange County District Attorney's office upon receipt of a complaint from a private citizen that the then-City Manager Timothy O'Donnell had a conflict of interest in several contracts between the City and CDWC. The scope of the investigation was broadened to include other possible violations, such as the failure to disclose economic interests.

¹⁸ Certificates with the prefix "A" represent Common Stock

¹⁹ Letter dated August 13, 2015 from the District Attorney to the Mayor of City of Brea

The investigation also included CDWC's wholly-owned subsidiary, Cadway, Inc. **In August 2015, the District Attorney's office concluded that criminal charges could not be proven beyond a reasonable doubt. The District Attorney did, however, refer the matter to the Fair Political Practices Commission regarding the failure to disclose.**

Among the District Attorney's findings were the following:

- O'Donnell served as the City Manager, the City's representative on the CDWC Board of Directors, and, by virtue of being a CDWC director, a member of the Board of Directors of Cadway.
- As a member of the CDWC Board of Directors, O'Donnell received a monthly stipend (approximately \$150/month), which he immediately endorsed to a charity without claiming any charitable contribution deduction. The District Attorney did not find his role as a CDWC Board member to be a conflict of interest nor a willful violation of disclosure requirements.
- Since 2009, Cadway paid O'Donnell over \$108,000, which included a monthly stipend and "quarterly bonuses" "that were based on how well financially the company was doing." O'Donnell did not disclose or report this information. O'Donnell did not believe disclosure was necessary since Cadway did not do business with the City.

B. City's Independent Auditor²⁰

Following the purchase of approximately 225 AF of Basin water rights²¹, the City Council asked for an independent audit of the City's water department and CDWC activities. The audit focused on all City purchases/leases of common stock, water rights, and Class A preferred stock. The audit resulted in an Agreed upon Procedures Report with no findings.

C. Fair Political Practices Commission ("FPPC")²²

FPPC opened an investigation in February 2016. As of the date of this Memorandum, the investigation is ongoing.

D. Rutan & Tucker

In January 2016²³, the City received a Public Records Act Request from Rutan & Tucker requesting, among other things, records relating to the City's water rights, its interest in CDWC, and its activities/transactions with CDWC and its affiliates.

By two separate letters dated May 2, 2016, Rutan & Tucker (1) demanded that the City cure the "inadequate response" to the January 2016 Public Records request, and (2) requested that the City retain an independent auditor to look into the potential violation of conflict of interest laws – that is, whether the City's purchase of water rights from CDWC resulted in City funds benefitting O'Donnell such that he had a financial interest in the contracts/proposals that he then presented to the City for approval. Rutan & Tucker raised the relationships between (a) CDWC and Cadway, (b) the City's interest in Pellissar Co-Tenancy and CDWC/Cadway's interest in Pellissar Co-Tenancy, and (c) the City's interest in Cal-Wamanco LLC and CDWC/Cadway's interest in Cal-Wamanco LLC.

²⁰ See CDWC report dated September 6, 2016

²¹ Assume this purchase is the July 2013 transaction described above

²² See footnote 20

²³ See letter dated January 14, 2016

On May 16, 2016, the City responded to Rutan & Tucker's assertions and requests of May 2nd. The City also explained that the CDWC directors are selected by CDWC, and that the City does not have a pro forma right of appointment, but does have the right to suggest persons that CDWC can appoint. Typically, the CDWC board does honor these types of requests from its 3 largest shareholders.

V. Potential Additional Queries

During initial discussions of our engagement by the City, there were other topics/queries that the City may elect to have our firm review, including the items listed below:

- Document and verify (a) Board compensation, (b) executive staff compensation, (c) rules and procedures for water sales and purchases, and (d) relationships of all corporations and entities including the multiple board memberships by the board and staff
- Whether CDWC financial audits are "investigatory"

We understand that it remains open as to whether the scope of our engagement will be expanded to include these additional topics.

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members
FROM: City Manager
DATE: 04/04/2017
SUBJECT: March 21, 2017 City Council Regular Meeting Minutes

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager
Prepared By: Lillian Harris-Neal, City Clerk

Attachments

March 21, 2017 CC Minutes

DRAFT

BREA CITY COUNCIL SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY MEETING

MINUTES March 21, 2017

CLOSED SESSION 5:30 p.m. - Executive Conference Room Level Three

CALL TO ORDER / ROLL CALL - COUNCIL

Mayor Hupp called the Closed Session to order at 5:32 p.m., all members were present except for Council Member Vargas.

Present: Hupp, Parker, Marick, Simonoff

Absent: Vargas

1. **Public Comment**
None.

Closed Session may convene to consider matters of purchase / sale of real property (G. C. §54956.8), pending litigation [G.C. §54956.9(d)(1)], potential litigation [G.C. §54956.9(d)(2)(3) or (4)], liability claims (G. C. §54961) or personnel items (G.C. §54957.6). Records not available for public inspection.

2. **Conference with City's Labor Negotiator Pursuant to Government Code Section §54957.6 and the Brea City Employees' Association (BCEA) - Mario E. Maldonado Negotiator**

STUDY SESSION 6:00 p.m. - Executive Conference Room Level Three

CALL TO ORDER / ROLL CALL - COUNCIL

Mayor Hupp called the Study Session to order at 6:09 p.m., all members were present.

Council Member Vargas arrived at 6:11 p.m.

3. **Public Comment**
None.

4. **Clarify Regular Meeting Topics**
City Clerk Harris-Neal noted that the vote on item 15 of the March 7, 2017 City Council Regular Meeting Minutes will be amended to reflect that the motion was seconded by Council Member Simonoff.

DISCUSSION ITEMS

5. Parks, Recreation and Human Services Commission Resignation and Recruitment Process

City Clerk Harris-Neal reported that there is an unscheduled vacancy and provided the recommended recruitment information.

6. LLMD #1 Special/General Benefit Follow-Up

Maintenance Services Superintendent Bowlus presented a PowerPoint that included: prior City Council direction, reserve study option, reserve study summary option 1 - no catastrophic funds, reserve study option 2 - \$50,000, reserve study option 3 - \$200,000, reserve study option summary (LLMD No. 1), LLMD 1 assessment changes (resident impact), citywide impacts from special/general benefits, resident thoughts, and options.

In response to Council questions, Maintenance Services Superintendent Bowlus and City Attorney Markman reported that there were six (6) property owners that attended the last meeting; however, there were sixty (60) property owners that attended previous meetings; noted that if there was a slope failure, the city could loan funds and utilize a ballot to assess the residents to pay back the loan; explained that in the past, the City wanted to control the slope maintenance instead of Homeowner Associations (HOA's); provided information regarding resident support; discussed options; and directed staff to conduct more outreach and survey the residents on their willingness to pay the higher assessments in options 1, 2, and 3.

7. Organic Waste Recycling Update

Council Member Simonoff recused himself and left the Executive Conference Room at 6:45 p.m.

Public Works Director Olmos presented a PowerPoint that included: prior City Council direction; California Assembly Bill 1826; food waste "generator pricing option"; sector-wide pricing option; outreach; survey questions and results; and next steps/recommendations.

In response to Council Member Marick's question, Public Works Director Olmos discussed the survey questions, recommended that the current CPI process continue, stated that an additional electronic survey can be produced to get more feedback, and noted that the Orange County Sanitation District will expand their food waste receiving station. This item will come back to council later this year.

REPORTS

8. Council Member Report

Council Member Marick reported that she attended the Waste Management Commission meeting where they discussed an ongoing project called "Inside the Outdoors".

Mayor Pro Tem Parker reported that at the Sanitation District meeting, the Board approved a temporary food waste processing facility and also reported that the Board will vote at the next meeting to replace a clay pipe sewer line in Carbon Canyon.

Council Member Vargas expressed concern regarding the format of the March 7, 2017 minutes.

Mayor Hupp directed staff to share a link to the Vector Control meeting presentation regarding the Zika virus on the City of Brea's website.

Mayor Hupp adjourned the Study Session at 7:01 p.m.

**GENERAL SESSION
7:00 p.m. - Council Chamber
Plaza Level**

CALL TO ORDER/ ROLL CALL - COUNCIL

Mayor Hupp called the General Session to order at 7:11 p.m., all members were present.

9. Pledge of Allegiance

Representatives from Brea Girl Scouts led the Pledge of Allegiance.

10. Invocation

Pastor Rich Dannenbring, Christ Lutheran Church, delivered the invocation.

11. Proclamation

Mayor Hupp proclaimed the week of March 12, 2017 as Girl Scout Week in the City of Brea.

12. Commendation

Mayor Hupp presented a commendation to Connie Lanzisera, Parks, Recreation, and Human Services Commission, and thanked her for serving the community.

13. Centennial Committee Update

P.J. Smith and Bill Higgins provided the Centennial Committee Update.

14. Report - Prior Study Session

City Manager Gallardo provided the prior study session report.

15. Community Announcements

Council Member Simonoff made the following announcements:
Beginning April 4, the Community Services Department will have a new and improved online class registration system. With this new system, users can sign up and pay for classes and activities anywhere with a computer, tablet or smart phone. Visit BreaRec.com today to create an account, and beginning April 4, you can start registering for the many programs Community Services offers; Applications are due at the Community Center by 5 pm on Monday, April 3, for participation in the summer Volunteer program. Youth who are selected will work with one of our Community Services programs to gain work experience and serve others. Only 20 are selected, so it's important not to miss the April 3 deadline; Now is the time to register your children for various activities over the spring break. The Brea Community Center offers several programs for pre-school through sixth grade. There is a Day Camp option for parents who need full-time child care while they work during the week of April 10 through 14. The Storybook Adventure and Fun Club are shorter, partial day programs. Get more details at cityofbrea.net or call 714-990-7631 with questions; The latest comedy from Southgate Productions opens at our Curtis Theatre this weekend. "A Funny Thing Happened on the Way to the Forum" is a fast-paced musical that will keep you guessing with scheming and plot twists set in ancient Rome. Get two tickets for only \$40 by using the code "Brea" when you call for tickets. The box office phone number is 714-990-7722 or go online to curtistheatre.com.

16. Matters from the Audience

Mario Rodriguez discussed having a wifi library to show residents how to navigate the phone and internet and noted that he attended the Brea Envisions workshop.

Sean Thomas thanked Brea Envisions committee members for attending meetings and encouraged residents to get involved.

George Ullrich and Eric Johnson expressed support for the Wildfire Protection Plan.

17. Response to Public Inquiries - Mayor / City Manager

None.

ADMINISTRATIVE ITEMS

- 18. An Ordinance of the City Council of the City of Brea Adopting Zoning Ordinance Amendment No. 16-03 - Omnibus Code Update Amending Chapter 18.08 of Title 18, and Chapters 20.00, 20.200, 20.208, 20.212, 20.216 and 20.220 of Title 20 of the Brea Municipal Code**

Motion was made by Council Member Simonoff, seconded by Council Member Vargas to Approve Ordinance 1191.

AYES: Mayor Hupp, Mayor Pro Tem Parker, Council Member Marick, Council Member Simonoff, Council Member Vargas

Passed

19. Playpower LT Farmington, Inc Purchase for Little Tikes Playground Equipment and Benches for Laurel School/Lagos de Moreno Park in the Amount of \$162,294.89

Maintenance Services Superintendent Bowlus presented a PowerPoint that included: original cost estimates, possible cost estimate changes, City Council approved funding, and next steps.

Motion was made by Council Member Marick, seconded by Council Member Simonoff to Approve Purchase for Playground Equipment and Benches for Laurel Elementary Magnet School/Lagos de Moreno Park.

AYES: Mayor Hupp, Mayor Pro Tem Parker, Council Member Marick, Council Member Simonoff, Council Member Vargas

Passed

20. Plans and Specifications for The Tracks At Brea Segment 4 Project 7873

Management Analyst Lau presented a PowerPoint that included: segment 1 & 3 trail route map; segment 2, 3, 6, and 4 status updates; segment 4 cost estimates and funding; and completion costs of trail design and construction.

Motion was made by Council Member Marick, seconded by Mayor Pro Tem Parker to Approve Plans and Specifications and Authorize City Clerk to Advertise and Receive Bids.

AYES: Mayor Hupp, Mayor Pro Tem Parker, Council Member Marick, Council Member Simonoff, Council Member Vargas

Passed

CONSENT CALENDAR - *The City Council/Successor Agency approves all Consent Calendar matters with one motion unless Council/Agency or Staff requests further discussion of a particular item. Items of concern regarding Consent Calendar matters should be presented during "Matters from the Audience."*

CITY COUNCIL - CONSENT

21. March 7, 2017 City Council Regular Meeting Minutes

City Council Approved the March 7, 2017 City Council Regular Meeting Minutes, as amended.

22. Traffic Signal Synchronization Improvements on Imperial Highway/SR 90 - Project 7714

The City Council Approved the Cooperative Agreement with City of La Habra.

23. Carbon Canyon Community Wildfire Protection Plan (CWPP)

The City Council Approved the 2017 CWPP for Carbon Canyon and Authorized the Mayor to Sign the Document on Behalf of the City.

24. March 10 and 17, 2017 City Check Registers

The City Council Approved the March 10 and 17, 2017 City Check Registers.

25. Treasurer's Report for the City of Brea for Period Ending February 28, 2017

Received and Filed.

Motion was made by Mayor Pro Tem Parker, seconded by Council Member Simonoff to Approve Consent Calendar Items 21-25.

AYES: Mayor Hupp, Mayor Pro Tem Parker, Council Member Marick, Council Member Simonoff, Council Member Vargas

Passed

CITY/SUCCESSOR AGENCY - CONSENT

- 26. Treasurer's Report for the Successor Agency to the Brea Redevelopment Agency for Period Ending February 28, 2017**
Received and Filed.

ADMINISTRATIVE ANNOUNCEMENTS

- 27. City Manager**
None.
- 28. City Attorney**
None.

COUNCIL ANNOUNCEMENTS

Council Member Vargas expressed disappointment with his colleagues, stated that he will continue to bring issues forward as they come up and requested respect from his peers.

ADJOURNMENT

Mayor Hupp adjourned the meeting at 8:05 p.m.

Respectfully submitted,

The foregoing minutes are hereby
approved this 4th day of April, 2017.

Lillian Harris-Neal, City Clerk

Cecilia Hupp, Mayor

City of Brea

COUNCIL COMMUNICATION

FROM: City Manager

DATE: 04/04/2017

SUBJECT: January 23, 2017 Parks, Recreation and Human Services Commission
Meeting Minutes - Receive and File.

Attachments

01-23-2017 PRHS Meeting Minutes

PARKS, RECREATION AND HUMAN SERVICES COMMISSION

Minutes of the Meeting of January 23, 2017

CALL TO ORDER

The Regular Meeting of the Parks, Recreation & Human Services Commission was called to order by Vice Chair Todd at 6 p.m.

ROLL CALL

Vice Chair Andrew Todd; Commissioners, Bill Higgins, Connie Lanzisera, Craig Livingston, and Steve Shatynski.

STAFF PRESENT

Chris Emeterio, Assistant City Manager/Community Services Director; Sean L. Matlock, Deputy Director/Community Services Manager; Amber Ahlo, Senior Management Analyst; Jenn Colacion, Community Services Specialist; Patrick Kuboyama, Community Services Specialist; Kristin Steyerman, Community Services Specialist; Chris Beckman, Parks Supervisor; and Lenore Sommers, Executive Assistant.

PLEDGE OF ALLEGIANCE

Vice Chair Todd

INVOCATION

Vice Chair Todd

INFORMATIONAL

Following his welcome to the Commission by Vice Chair Todd, incoming Commissioner Craig Livingston provided those in attendance with a brief personal history including his involvement with soccer and the swim team. He also reported that he is serving on the Brea Envisions Committee. The other Commissioners then introduced themselves including their length of service on the Commission.

Mr. Matlock introduced Kristin Steyerman to the Commission advising that she has moved from the Community Center to take on the Special Events position vacated by a recent retirement. Ms. Steyerman indicated that she was excited to take on this new position.

Mr. Emeterio welcomed Mr. Livingston to the Commission indicating that his predecessor, Bill McMillan was always engaged and challenged staff with questions and comments.

APPROVAL OF MINUTES

The Minutes of the meeting of November 28, 2016, were approved as submitted.

COMMISSION REORGANIZATION

Following the call for nomination of officers by Vice Chair Todd, Commissioner Shatynski nominated Commissioner Higgins for Chair. With no other nominations, Mr. Higgins was elected Chair. Newly elected Chair Higgins called for nominations for Vice Chair. Commissioner Lanzisera was nominated by Commissioner Shatynski and Commissioner Todd was nominated by Chair Higgins. Voting in the order of their nomination, Commissioner Lanzisera received two votes with Vice Chair Todd receiving three votes. Mr. Todd will continue on as Vice Chair.

MATTERS FROM THE AUDIENCE

Speaking from the audience, past Commissioner Bill McMillan, said good bye to Commissioners and staff indicating that he was very proud of the accomplishments achieved and projects completed while he was on the Commission including the Sports Park, Wildcatters Park, Wildcatters Dog Parks, The Tracks at Brea and the Brea Hills Golf Course. Complimenting staff, he stated that staff from any of the others cities he's dealt with cannot compare to Brea's staff praising their passion and involvement with the community. He reported that he will keep in contact with staff and continue to be involved.

STUDENT ADVISORY BOARD

Student Advisory Board President, Erica Armas, advised Commissioners that Board members will be serving breakfast at the Ronald McDonald House on January 27. She also updated Commissioners on activities at Brea Olinda High School.

SCHOOL DISTRICT REPRESENTATIVE

School District representative, Barbara Ott, reported that Rod Todd was appointed to provisionally fill the vacancy created by the retirement of Board member Joe Rollino at a special Board of Education meeting.

CORRESPONDENCE

Mr. Matlock directed Commissioners' attention to the *Tell Us* cards received at the Community Center. Responding to an inquiry, he defined the term "roller" and identified the location of the massage room.

DISCUSSION

Subcommittee Appointments

With the exception of the Art in Public Places Advisory Committee to which Commissioner Livingston was appointed, Subcommittee and Park Steward appointments will be made at the next Commission meeting.

Project Updates

Dog Park Turf Evaluation

Ms. Ahlo used a PowerPoint presentation to provide Commissioners with conceptual designs for both the large and small dog parks pointing out the modifications requested by the Dog Park Turf Focus

Group. Commissioners were advised that staff is gathering cost estimates and that they will be shared with the Commission when obtained. Commissioners were also informed that Public Works is undertaking an assessment of City parks and that the needs of the Dog Parks will be part of the prioritization process.

Lagos de Moreno Park/Laurel Elementary School Rehabilitation

Ms. Colacion provided Commissioners with a brief history of the Centennial Steering Committee including their desire to leave a lasting legacy which would be achieved via a public art sculpture that would complement the City's Art in Public Places program. She reported that staff has engaged former Artist in Residence, Carlos Terres of Brea's Sister City, Lagos de Moreno, Jalisco, Mexico, and working with the Brea Olinda Unified School District, that a location at Lagos de Moreno Park/Laurel Elementary School has been selected. Using PowerPoint, Ms. Colacion shared the artist's conceptual designs (including the material to be used), the proposed location, timeline and next steps.

The Tracks at Brea

Sharing a diagram of The Tracks at Brea Trail Route along with representative photos of each segment, Commissioners were given an overview of the entire project and brought up to date on the status of each segment. Commissioners were also invited to attend a community meeting for The Tracks at Brea on Thursday, February 2, at 6 pm. at Fire Station 2 when staff will be available to provide an update for residents and businesses and answer any questions they may have.

Community Development Block Grant (CDBG)

Ms. Ahlo provided Commissioners with the background of the CDBG Program and shared photos of past projects at the Brea Senior Center funded through the CDBG Program, including the patio cover addition and courtyard rehabilitation; updated ADA compliant restrooms; parking lot and sidewalk accessibility enhancements; and flooring and door replacements. Commissioners were informed that an application in the amount of \$200,000 has been submitted for FY 2017-18 for a Senior Center kitchen accessibility plan implementation.

Centennial Celebration

Commissioners were advised that there are 26 days until the parade and picnic and encouraged to volunteer for one or both. Commissioners Lanzisera and Shatynski indicated they will work wherever needed and Chair Higgins will be going to service clubs asking for volunteers.

INFORMATION MEMORANDUM

Commissioners were advised that there has been no change in the Park Development fund. In response to an inquiry regarding the sports fields, they were advised that because the fields at the Sports Park were flooded, Little League held their try outs at Country Hills.

REPORTS

Park Stewardships

Mr. Beckman reported that staff accompanied him on his tour of the Junior High Park and that approximately 12 items were noted and subsequently taken care of. Vice Chair Todd advised that he will be available for the Greenbriar Park tour on February 2.

Art in Public Places Advisory Committee

Ms. Colacion advised that the APP Committee recently approved two sculptures, one for My Self Storage on Lambert Road and the other for Albertsons on Puente Street.

Staff

Updating Commissioners on parks and fields, Mr. Beckman reported that because of flooding at the Sports Park, soccer has been using Wildcatters Park.

Mr. Matlock reported that the USC Marching Band is confirmed for the Centennial Parade and that 17 food booths have been confirmed for the Centennial Picnic. He also reported that in addition to continuous entertainment at the picnic including the USC Marching Band as well as performances by groups representing our Sister Cities, a reenactment of the 1924 baseball game with Babe Ruth and Walter Johnson will take place at 2:30 p.m.

Mr. Matlock also reminded Commissioners of the Bridal Show scheduled for Saturday, January 28, at the Community Center.

ADJOURNMENT

With no further business, the meeting was adjourned at 7:40 p.m.

City of Brea**COUNCIL COMMUNICATION**

TO: Honorable Mayor and City Council Members**FROM:** City Manager**DATE:** 04/04/2017**SUBJECT:** Amendment No. 1 to the Agreement with U.S. Metro Group, Inc. for Janitorial and Related Services at Various City Facilities

RECOMMENDATION

Approve Amendment No. 1 to the Annual Agreement with U.S. Metro Group, Inc. for Janitorial Services.

BACKGROUND/DISCUSSION

In early 2014, staff solicited proposals from eight (8) janitorial contractors to provide annual janitorial services at various City facilities. U.S. Metro Group, Inc. ("Contractor") was the lowest bidder with a base bid price of \$296,400 plus two optional tasks which brought the total bid to \$320,205, which was less than the second bidder's total price of \$350,422. Soon thereafter, staff successfully negotiated the total price of the Contractor's bid down to \$313,599.96. On March 6, 2014, an Agreement was awarded to the Contractor by the City Council for the janitorial and related services in the total amount of \$313,599.96 (see Agreement) for the first term.

The Agreement term commenced on May 1, 2014 for a one (1) year term with up to four (4) one year term extensions upon agreement by both parties. The Agreement allows for a cost-of-living adjustment at time of term extension pursuant to the Consumer Price Index ("CPI") for all urban areas in Los Angeles-Long Beach-Anaheim area. However, the CPI for this area did not include any provisions related to the State of California ("State") Mandated Minimum Wage Rate increases. The State's minimum wage is scheduled to be increased as follows for the duration of the Agreement for employers that have 26 employees or more:

<u>Effective Date</u>	<u>Minimum Wage</u>	<u>Increase Amount</u>
January 1, 2017	\$10.50/hr	\$0.50/hr
January 1, 2018	\$11.00/hr	\$0.50/hr
January 1, 2019	\$12.00/hr	\$1.00/hr
January 1, 2020	\$13.00/hr	\$1.00/hr

Currently, the Agreement has been extended twice for a current annual amount of \$360,601.56, which was related to the state minimum wage adjustments. The Agreement is nearing the end of the third term extension date on May 1, 2017.

The Contractor has provided excellent services and is a company with a combination of experience, abilities and customer service orientation that best meets the needs of the City of

Brea. Staff believes their experience allows them to facilitate the City's goal of providing high-level customer service. The majority of the janitorial staff are paid minimum wage and have worked for various contractors here at the City of Brea for many years.

Due to the State's minimum wage increases, staff is recommending replacing the CPI cost adjustment calculations in Section B, Subsection 8, CONTRACT PRICE AND PAYMENT, of the Agreement to a set annual Agreement price per extended term. Additionally, to align the term of the annual renewal to the City's Fiscal Year, Section B, Subsection 9, TERM; CONTRACT RENEWAL, of the Agreement will be amended to begin all subsequent terms on July 1. Therefore, this Amendment will increase the remainder of the third extended term from \$360,601.56 to \$367,164.06 up to June 30, 2017, to reflect the minimum wage increase that started in January. All subsequent extended terms will have a set price as indicated within the Amendment (see Amendment No. 1, Attachment A).

Therefore, based on their excellent performance to date, staff is recommending amending the Agreement to include set cost increases based on the State minimum wage increases versus the CPI and modifying the subsequent extended term date to start on July 1.

COMMISSION/COMMITTEE RECOMMENDATION

The Finance Committee reviewed staff's recommendation at their March 28, 2017 meeting and recommended to proceed.

FISCAL IMPACT/SUMMARY

The Amendment will be charged to the Building Occupancy Fund (490-51-5151-4263) and there are sufficient funds in the current budget to cover the additional expense for this Fiscal Year ("FY"). The remaining amount and future increases will be budgeted in FY 2017-18 and FY 2018-19.

Due to the State minimum wage increases and to align the Agreement term to the City's Fiscal Year, staff is recommending City Council consider approving Amendment No. 1 to the Agreement with the Contractor for Janitorial and Related Services at Various City Facilities.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Eric Aulls, Building & Facilities Administrator

Concurrence: Tony Olmos, Public Works Director

Attachments

Amendment No. 1, Attachment A

AMENDMENT NO. 1 TO AGREEMENT
Janitorial and Related Services at Various City Facilities

This Amendment No. 1 to Agreement for janitorial and related services at various City facilities is made and entered into this ____ day of _____, 2017, by and between **US METRO GROUP, INC.** ("CONTRACTOR") and the **CITY OF BREA** (hereinafter called the "CITY").

A. Recitals

(i) CITY and CONTRACTOR have previously entered into an agreement dated **March 6, 2014** for janitorial and related services at various City facilities ("Agreement"); and

(ii) The parties hereto desire to amend the Agreement to provide for cost of living price adjustments beginning with each renewal term; and

(iii) The parties hereto desire to amend the Agreement with respect to the start date of each renewal term of the Agreement.

B. Amendment

NOW, THEREFORE, it is agreed by and between CITY and CONTRACTOR as follows:

1. The second paragraph of Subsection "8" of Section "B" of the Agreement is hereby amended to read as follows:

"At the beginning of each renewal term, the annual contract price shall be as set forth in Attachment "A" hereto and incorporated by reference herein. The monthly payments shall be made in equal installments pursuant to the schedule set forth in Attachment "A" hereto."

2. Subsection "9" of Section "B" is hereby amended by adding a paragraph at the end, to read as follows:

"The Third, Fourth, and Fifth one year term extensions shall begin on July 1 of each year pursuant to the schedule set forth in Attachment "A" hereto."

3. This Amendment No. 1 shall be effective as of the date first set forth above, and shall continue in full force and effect until expiration or termination pursuant to the terms of this Agreement.

4. Except as expressly amended herein, all terms and conditions of the Agreement shall continue in full force and effect.

5. Each person executing this Amendment No. 1 hereby warrants that such person is fully authorized by law to do so and to legally and fully bind their principal and respective party.

IN WITNESS WHEREOF, the parties have executed this Amendment No.1 as of the date first set forth above.

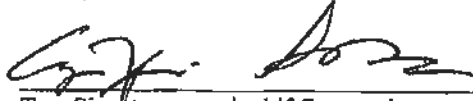
CITY OF BREA
A California municipal corporation

CONTRACTOR

Cecilia Hupp, Mayor

Evelyn Kim, CEO , Peter Wang, controller
Name, Title

Attest: Lillian Harris-Neal, City Clerk


Two Signatures required if Corporation

ATTACHMENT "A"
CONTRACT PRICE SCHEDULE

ATTACHMENT A

Amendment No. 1 Contract Price Schedule

Agreement Name: Janitorial and Related Services at Various City Facilities.

Contractor: U.S. Metro Group, Inc.

Agreement Date: April 6, 2014

Annual Agreement Price Schedule

Term	Beginning Date	Ending Date	Monthly Installment	Total Price
1 st Base Term	May 1, 2014	April 30, 2015	\$26,133.33	\$313,599.96
2 nd	May 1, 2015	April 30, 2016	\$28,024.33	\$336,291.33
3 rd	July 1, 2016	June 30, 2017	\$30,597.01	\$367,164.06
4 th	July 1, 2017	June 30, 2018	\$32,018.88	\$384,226.56
5 th	July 1, 2018	June 30, 2019	\$33,659.51	\$403,914.06

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: City Manager

DATE: 04/04/2017

SUBJECT: Additional Appropriation For The Glenbrook Tract Water and Street Improvements, Project 7452

RECOMMENDATION

1. Adopt Resolution to appropriate an additional \$314,000 from the Water Fund (Fund 420) for Project contingency and Project administration.
2. Increase construction contingency from 10% to 22%

BACKGROUND/DISCUSSION

On March 22, 2016, City Council awarded a Contract to O'Duffy Bros., Inc. (Contractor) in the amount of \$2,397,058 and approved a construction contingency of \$239,706 for the Glenbrook Tract Water and Street Improvements, Project 7452 (Project). This Project will rehabilitate the existing pavement of the residential streets in the Glenbrook Tract neighborhood bounded by Birch Street to the north, Orange 57 Freeway to the west, Greenbriar Lane/Hillhaven Drive to the south, and the Brea Union Plaza to the east. In addition, the Project will replace approximately 12,700 linear feet of water main, services, gate valves, fire hydrants, and appurtenances. Finally, this Project will replace damaged and/or uplifted sections of sidewalk, curb and gutter and reconstruct curb access ramps to be in compliance with Americans with Disabilities Act (ADA) requirements. The improvements will be performed on Fig Avenue, Eucalyptus Street, Plum Avenue, Redbay Avenue, Camphor Circle, Valverde Avenue, Aurora Avenue, Holly Street (street and fire hydrant improvements only - water mains were replaced in 1989), Chevy Chase Drive, Hillhaven Drive, Greenbriar Lane, Eucalyptus Lane, Amberwick Circle, Windermere Circle, Heather Circle, Dover Avenue, Amberwick Lane, Heather Lane, and Devonshire Drive.

The installation of the water line improvements started in June 2016, and the Project was anticipated to be completed by February 2017. However, during construction, the Contractor encountered unforeseen conditions that resulted in significant delays and additional costs.

Most of the unforeseen conditions related to numerous unmarked or mis-marked underground utilities (i.e. SCE, Gas, AT&T, street lighting and existing water main) which required additional potholing, deeper excavations, hand digging, realignment of water mains, and additional pipe fittings. Additionally, the Contractor encountered large concrete encasements to connect the new water main to the existing water main, thus it was necessary to install additional fittings and removal of concrete to complete the water main connections. These unforeseen conditions resulted in decreased daily production, which necessitated staff to direct the Contractor to proceed with the Change Order work on a time

and materials basis in order to control costs and further reduce the potential time delays. Furthermore, staff requested to reconnect three additional water main connections in the existing easement by the Glenbrook Club House to provide less disruption to the residents during routine maintenance and fixing water leaks.

To date, staff has negotiated the cost of four (4) Change Orders with the Contractor in an amount of \$367,360.88, which exceeds the staff Change Order authority of \$239,706 by \$127,654.88. Of this total, approximately \$76,850 was related to the added water connections. Change Orders 1 and 2 totaling \$145,434.65 have been paid, which are within staff's Change Order authority. Change Orders 3 and 4, totaling \$221,926.23, have been approved by staff, but will exceed staff's Change Order authority. Therefore, they will be part of the pending Pay Estimate No. 9 payment. Although, Change Orders 1 through 4 have been approved by staff, there are some remaining work changes still under review (Change Order 5), which could bring the total Change Orders to \$525,000 for this Project or roughly 22% of the Contract. Additionally, due to the extended time for this Project to be completed, staff is recommending an additional \$29,000 for construction engineering (i.e. inspections/administration).

Therefore, due the Change Orders discussed with added construction engineering, staff is requesting the City Council consider appropriating an additional \$314,000 to the Project budget. Staff is still evaluating the total cost and reimbursement process with respect to the Change Orders related to mis-marked/unmarked facilities (ie. Gas and AT&T), which could reduce the total Project cost incurred by the City. The new anticipated Project completion date is late April 2017; weather permitting. The following is summary of all Change Orders:

Description	Amount	Status
1. Realigned new water line at Fig Street due existing water line conflict; numerous utility conflicts at various locations; Additional water valves and fittings at Chevy Chase, Valverde and Glenbrook Clubhouse parking lot (Phase 1).	\$77,170.33	Approved
2. Modifications to Water connection and various utility conflicts. Additional water valves and fittings at Chevy Chase, Valverde and Glenbrook Clubhouse parking lot (Phase 2).	\$68,264.32	Approved

3. Complete additional water connections at Chevy Chase, Valverde and Glenbrook Clubhouse parking lot (Final Phase). Numerous utility conflicts at various locations.	\$122,468.89	Approved
4. Realigned new water line due to fiber optic cable conflict and numerous utility conflicts at various locations.	\$99,457.34	Approved
5. Unexpected deeper high pressure main line to be abandoned at Birch and Redbay. Numerous utility conflicts with house water services.	\$125,000.00	Pending/Under Review
Subtotal	\$492,360.88	
Allowance for Unanticipated Conflicts	\$32,639.12	
Total	\$525,000.00	

As stated previously, in an effort to minimize costs and further time delays on the Project, the Contractor agreed with the City to complete the extra work on a time and materials basis. This required significant documentation and a lengthy review process. For instance, Change Orders 3 and 4 were performed in October 2016 through early December 2016 and the amounts were just finalized in mid-March 2017. To date, the Project has completed the following:

- Replaced approximately 12,700 linear feet of water mains
- Replaced damaged curb, gutter and sidewalk
- Reconstructed curb ramps

The following work is remaining:

- Pavement resurfacing to be constructed by late April 2017
- Close out/Final

COMMISSION/COMMITTEE RECOMMENDATION

The Finance Committee reviewed staff's recommendation at their March 28, 2017 meeting and recommended to proceed.

FISCAL IMPACT/SUMMARY

The total approved budget for the Project was \$2,900,000 with funding coming from a combination of Measure M (\$663,000), Sewer (\$30,000), Urban Runoff (\$7,000), and Water (\$2,200,000) funds. Staff is requesting City Council consider an additional \$314,000 from the Water Fund (Fund 420) to cover the cost of current approved Change Orders to date and the anticipated pending Change Order work as identified in the previous table. Therefore, a Resolution appropriating the added funds from the Water Fund (Fund 420) to the Project is attached for City Council consideration and approval. There is no General Fund impact from this action. The following table provides a breakdown of the construction and construction engineering budget with the requested additional funds:

Project Expenditure	Approved budget	Requested Funds	Total
Construction Contract	\$2,397,058	\$0	\$2,397,058
Contingency	\$239,706	\$285,294	\$525,000
Subtotal	\$2,636,764	\$285,294	\$2,922,058
Construction Engineering (i.e. inspections, administration)	\$263,236	\$28,706	\$291,942
Total	\$2,900,000	\$314,000	\$3,214,000

The Project encountered unforeseen conditions including numerous utility conflicts and other unanticipated work as well as extra needed water connections that resulted in additional costs that exceeded the Project contingency and schedule delays. Therefore, staff is requesting City Council consider increasing the Project contingency for Change Orders from 10% to 22% (\$525,000) and adding \$314,000 to the Project budget.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Raul Y. Lising, P.E. Assistant City Engineer

Concurrence: Steve Kooyman, P.E. City Engineer, Tony Olmos, P.E. Public Works Director

Attachments

Resolution 2017-018

RESOLUTION NO. 2017-018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA TO AMEND THE FISCAL YEAR 2016-17 OF THE CAPITAL IMPROVEMENT PROGRAM BUDGET AND APPROPRIATE ADDITIONAL FUNDS FROM THE WATER UTILITY FUND (420) TO THE CAPITAL IMPROVEMENT PROGRAM FUND (510) FOR PROJECT 7452, GLENBROOK TRACT WATERLINE IMPROVEMENTS

A. RECITALS:

(i) The City Council has determined that it is in the best interest of the City of Brea to appropriate funds from the Water Utility Fund (420), to the Capital Improvement Program Fund (510), for Project 7452 for the fiscal year 2016-17.

(ii) The Capital Improvement Program Budget, Resolution No. 2016-049, and subsequent amendments, did not appropriate funds for this unanticipated adjustment.

B. RESOLUTION:

NOW, THEREFORE, be it found, determined and resolved by the City Council of the City of Brea that Capital Improvement Program Budget, Resolution No. 2016-049, as heretofore amended, be further amended to:

1. Increase funding from the Water Utility Fund (420) to Capital Improvement Program Fund (510) for Project 7452, Glenbrook Track Waterline Improvements Project, by \$314,000; and

2. Appropriate an additional \$314,000 to the Capital Improvement Program Fund (510) for Project 7452, Glenbrook Track Waterline Improvements Project.

APPROVED AND ADOPTED this 4th day of April, 2017.

Cecilia Hupp, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea, held on the 4th day of April, 2017, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

Dated: _____

Lillian Harris-Neal, City Clerk

City of Brea**COUNCIL COMMUNICATION****TO:** Honorable Mayor and City Council Members**FROM:** City Manager**DATE:** 04/04/2017**SUBJECT:** Approve Purchase of Two Police Interceptor Utility SUVs in the Amount of \$60,993.72**RECOMMENDATION**

Authorize the City to Proceed with the Purchase of two Police Interceptor Utility SUVs in the Amount of \$60,993.72 (see attached Quote). However, a 2% discount will be applied if payment is processed within 20 days of delivery of vehicles bringing the total amount to \$59,773.85.

BACKGROUND/DISCUSSION

The City of Brea has small volume requirements for the number of Police patrol vehicles it typically purchases annually. The Purchasing Division endeavors to find the very best cooperative agreement that ultimately provides the City of Brea with the lowest vehicle cost obtainable. As such, there are essentially seven Ford dealerships in California that are major players and actively seek to respond to bid opportunities from large agency users. The table below highlights the opportunities that were available for our utilization from the purchase in August 2016:

Dealership	Location	Original Contracting Agency	Original Contracting Quantity	Per Unit Price	Brea Total Cost for Two Units
Downtown Ford Sales	Sacramento	City of Sacramento	36	\$30,275.83	\$60,551.66
Wondries Fleet Group	Alhambra	City of Los Angeles	81	\$30,475.55	\$60,951.10
Fritts Ford	Riverside	Riverside County	25	\$31,595.91	\$63,191.82
Fritts Ford	Riverside	City of Riverside	4	\$35,085.53	\$70,171.06
Fairview Ford Sales	San Bernardino	N/A			
Hemborg Ford	Norco	N/A			
Raceway Ford	Riverside	N/A			

Brea Municipal Code (BMC) Section 3.24.170 Cooperative Purchasing Programs states, "Purchasing of...equipment...made under a cooperative purchasing program, utilizing purchasing agreements maintained by...other public agencies are exempted from the requirements of this chapter." The advantages of utilizing the cooperative contract from Downtown Ford Sales include:

1. Lowest unit cost of three dealerships that actively seek bidding opportunities.
2. The City of Brea has had at least seven years of successful experience in purchasing such vehicles through Downtown Ford Sales.
3. Based on the bid information listed above, the formal bidding process would add additional time and cost to the purchasing process (up to three months) and most likely not result in a more

competitive price. For example, the City of Brea would most likely receive a bid similar to the City of Riverside, which recently (May 2016) purchased only four units, if it were to seek a competitive, sealed, advertised (formal) bids for only two units. Based on the purchase of two units under the Downtown Ford Sales cooperative contract, the City of Brea would save approximately \$10,000 over the expected result from a stand-alone formal bid process.

COMMISSION/COMMITTEE RECOMMENDATION

The Finance Committee reviewed staff's recommendation at their March 28, 2017 meeting and recommended to proceed.

FISCAL IMPACT/SUMMARY

The total cost to purchase two new 2017 Ford Interceptor Utility (Explorer) SUVs is \$60,993.72. A 2% discount will be applied if payment is processed within 20 days of delivery of vehicles, bringing the total amount to \$59,773.85. Sufficient funding has been included in the FY 2016-17 budget for the Public Works Equipment Maintenance Division in Account 480-51-5161-4641.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Alex Escobar, Equipment Division Supervisor

Concurrence: Tony Olmos, Public Works Director

Attachments

Downtown Ford Quote

THIS IS YOUR QUOTE

DOWNTOWN FORD SALES
525 N16th Street, Sacramento, CA. 95811
916-442-6931 fax 916-491-3138

S020917 626

QUOTATION

Customer

Name CITY OF BREA
Address VERENICE RAMERIZ
City _____ PH _____
Phone VIA EMAIL

Date 2/9/2017
REP SANDRA
Phone 916-442-6931
FOB SACRAMENTO

Qty	Description	Unit Price	TOTAL
2	2017 FORD UTILITY POLICE INTERCEPTOR CITY OF SACRAMENTO CONTRACT C2016-0531	\$24,394.00	\$48,788.00
2	AUXILLARY AIR CONDITIONING	\$569.00	\$1,138.00
2	DARK CAR FEATURE	\$19.00	\$38.00
2	KEYED ALIKE 1284X	\$48.00	\$96.00
2	NOISE SUPPRESSION BOND STRAPS	\$93.00	\$186.00
2	SPOT LAMPS LED	\$708.00	\$1,416.00
2	TUTONE PAINT - NO WRAP - ROOF 2FRONT DOORS	\$1,795.00	\$3,590.00
2	REAR VIEW CAMERA IN REAR VIEW MIRROR	\$0.00	\$0.00
2	OPTION 86P, FRONT LAMP HOUSING	\$121.00	\$242.00
2	OPTION 86T, REAR TAILLAMP HOUSING	\$97.00	\$194.00
2	DOC FEE	\$80.00	\$160.00
SALES TAX CALCULATED AT 7.75			

Payment Details

- ☐ Cash
☒ Check
☐ Credit Card

Name _____
CC # _____
Expires _____

Subtotal	\$55,848.00
Delivery	\$800.00
Taxes ORANGE	\$4,328.22
CA Tire Tax	\$17.50
TOTAL	\$60,993.72

Office Use Only

2% DISCOUNT WITH PAYMENT IN 20 DAYS

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: City Manager

DATE: 04/04/2017

SUBJECT: Feasibility Study and Conceptual Plan for Western Extension to The Tracks at Brea Trail

RECOMMENDATION

Approve Amendment #6 with David Evans and Associates to provide a feasibility study and conceptual plan for western extension to The Tracks at Brea Trail.

BACKGROUND/DISCUSSION

The County of Orange is spearheading an effort to create a 66-mile active transportation corridor for people to bike and walk throughout the County called "The OC Loop." The Tracks at Brea is part of that loop. The City of La Habra is attempting to build a trail along railroad rights of way (ROW) in their city and is currently negotiating with Union Pacific Railroad (UP) to purchase an easement for that purpose along active ROW, which is part of the same rail spur that has been used for Brea's trail. UP has stated that while they are receptive to working with La Habra, they will only agree to an easement if Brea also agrees to purchase a similar easement on the portion of active ROW within our city.

The Brea easement would be from the western end of the current trail property which is from the Brea flood control channel west of Downtown to Palm Street at the City's border with La Habra. The easement width would be fifteen feet and the length is approximately 1.3 miles. The Brea and La Habra easement would close an important gap in the OC Loop and mean that bike commuters, joggers and walkers could connect between the two cities and points beyond.

Historically, UP has not been receptive to working with cities for easements along active ROW. In fact, La Habra has been working for years to bring UP to the negotiation table and now with the help of the Orange County Transportation Authority (OCTA), negotiations have started. This is an opportunity that may not come again for a very long time. There are, however, challenges to developing the trail on this section of ROW including grade changes, probable soil contamination and the high pressure gas line on the north edge of the property. Therefore, staff is recommending that David Evans and Associates (DEA) conduct a feasibility study and develop a conceptual plan to determine if the trail could be built on a fifteen foot wide easement and if so, the specific recommended location of that easement. Their study would also explore a trail connection to La Habra using City streets and include a cost estimate to construct the trail on the recommended route. The results of their work would provide vital information the City would need to determine if the trail easement makes sense for Brea considering a cost/benefit analysis.

COMMISSION/COMMITTEE RECOMMENDATION

Finance Committee recommended approval at their Meeting on March 28, 2017.

FISCAL IMPACT/SUMMARY

The cost estimate from DEA to provide the feasibility study and conceptual design is \$25,525. Unfortunately, none of our current grants can be used for this purpose, so the work would need to be funded from the General Fund.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Kathie DeRobbio, Economic Development Manager

Concurrence: David Crabtree, Community Development Director

Attachments

DEA Amendment 6

DEA Proposal

AMENDMENT NO. 6 TO PROFESSIONAL SERVICES AGREEMENT

This Amendment No. 6 to Professional Services Agreement is made and entered into this _____ day of _____, by and between **David Evans and Associates, Inc.** ("CONSULTANT") and the **CITY OF BREA** ("CITY").

A. Recitals.

(i) **On or about November 5, 2013**, CITY and CONSULTANT entered into an agreement for professional services, whereby CONSULTANT provides landscape design and engineering services for The Tracks at Brea project ("Agreement," hereinafter).

(ii) **On or about June 17, 2014**, CITY and CONSULTANT entered into an amendment for the professional services agreement, whereby CONSULTANT provides additional landscape design and engineering services for The Tracks at Brea project ("Amendment No. 1," hereinafter).

(iii) **On or about October 16, 2014**, CITY and CONSULTANT entered into a second amendment for the professional services agreement, whereby CONSULTANT provides additional landscape design and engineering services for The Tracks at Brea project ("Amendment No. 2," hereinafter).

(iv) **On or about March 12, 2015**, CITY and CONSULTANT entered into a third amendment for the professional services agreement, whereby CONSULTANT provides additional landscape design and engineering services for The Tracks at Brea project ("Amendment No. 3," hereinafter).

(v) **On or about August 18, 2015**, CITY and CONSULTANT entered into a fourth amendment for the professional services agreement, whereby CONSULTANT provides additional landscape design and engineering services for The Tracks at Brea project ("Amendment No. 4," hereinafter).

(vi) **On or about March 1, 2016**, CITY and CONSULTANT entered into a fifth amendment for the professional services agreement, whereby CONSULTANT provides additional landscape design and engineering services for The Tracks at Brea project ("Amendment No. 5," hereinafter).

(vii) The parties hereto desire to amend Agreement, whereby CONSULTANT provide conceptual design services for The Tracks at Brea project, thus increasing the contract amount from \$833,130 to \$858,655 ("Amendment No. 6," hereinafter).

B. Amendment.

NOW, THEREFORE, it is agreed by and between CITY and CONSULTANT as follows:

1. Notwithstanding any other provision therein, the term of the Agreement is hereby increased from \$833,130 to \$858,655. Except as amended by this Amendment No. 6, all other terms and conditions of the Agreement remain unchanged.

2. The persons executing this Amendment No. 6 warrant that they are authorized to execute this Fifth Amendment and that this Amendment is binding on the parties hereto.

NOW, WHEREFORE, the parties have executed this Amendment No. 6 as of the date first set forth above.

CITY OF BREA
A California municipal corporation

CONSULTANT

Cecilia Hupp, Mayor

Kim Rhodes, Vice President

Attest:

City Clerk

Chris Giannini, Senior Associate



DAVID EVANS
AND ASSOCIATES INC.

January 23, 2017

Ms. Kathie DeRobbio
Economic Development Manager
City of Brea
One Civic Center Circle
Brea, CA 92821

SUBJECT: PROPOSAL TO PROVIDE PROFESSIONAL CONCEPTUAL DESIGN SERVICES FOR THE TRACKS AT BREA, FROM THE OCFCD CHANNEL AT SEGMENT 2 TO THE WESTERLY CITY LIMITS

Dear Kathie:

On behalf of *David Evans and Associates, Inc. (DEA)*, we are pleased to provide you with a proposal for consultant services on the above noted project. It is our understanding that a conceptual-level study is necessary to determine the most appropriate and cost effective alignment for the multi-use "Tracks at Brea" trail. Given the existence of the active rail spur located between 1000' east of Berry Street and the westerly City limit, challenges exist regarding placement of the trail while considering grading, the existence of a high pressure gas line running parallel to the north property line, conflicts with existing site features, and considerations of street crossings and trail connections, to name a few. The following describes the proposed Scope of Services:

Task 1 – Aerial Topographic Survey - \$8,365

The DEA team will establish horizontal and vertical control, elevations, contours and spot elevations by obtaining an aerial topographic survey showing the following existing features: right-of-way, rail spurs, channels, fences, and other features critical to the layout of the trail alignment. This task also includes a presentation quality aerial photograph which will be used as the base map for the conceptual design.

Deliverables: Aerial Topographic Survey in AutoCAD format.

Task 2 – Site Visit, Document Review & Coordination with UPRR & OCTA – \$4,660

A site visit of publicly accessible portions of the trail will be made to verify completeness of the aerial topography. Photos will be taken at allowable locations along the corridor for use in the development of a 'before' image board should this be necessary for grant purposes or future public presentations. The field visit will allow for a review of issues and opportunities and to address questions. This task includes the review of data provided by the City as well as publicly available information (Fourth District Bikeways Strategy (2012), UPRR ROW Feasibility Study

(2013), Whittier Greenway documents) as well as research and coordination regarding design criteria set forth by UPRR.

Deliverables: Attendance at one site visit and the development of a 'before' image board to be used within the grant application and for reference purposes in addition to review and coordination as noted above.

Task 3 – Conceptual Trail Plan - \$9,400

Based on the information obtained during our field review, the DEA team will prepare a conceptual plan and up to three cross sections within the extent of the proposed trail limits (approximately 1.3 miles). The design team will explore functional and visual relationships, layout and orientation, clearance from the active tracks, fencing needs, easement criteria, street access, connectivity to Segment 2 (and the proposed trail within the City of La Habra), safety, destinations, and circulation of bicyclists and pedestrians – all in accordance with design standards being implemented on other City, County, and region-wide trail segments. The plan will show up to three alternatives including a trail along the north property line, south property line, OR a Class II / Class III trail along adjacent streets. A trail plan 'legend' may include highlighting the following components where applicable: City limits, major street identification, location of cross-sections, trail location, fencing, and opportunities for signage and site amenities based on work occurring throughout other segments of the Tracks at Brea.

DEA proposes to prepare one black and white conceptual trail plan followed by a colored, presentation-quality revised plan. The final product will be available for use in a variety of media – mounted image board, reduced colored copies, and PowerPoint presentations.

Deliverables: Colored conceptual trail plan indicating the elements noted above. Digital files and reduced copies of the image will also be made available.

Task 4 – Preliminary Opinion of Probable Construction Costs - \$3,100

DEA will prepare a conceptual construction cost estimate to be used for grant application purposes and coordination with other agencies.

Deliverables: The preparation of a conceptual construction cost estimate based on the preferred conceptual trail plan.

Please review this information with your team and let us know of desired modifications. Our team is readily available to assist once you provide a 'notice to proceed'. Thank you again for the opportunity to be of assistance to the City of Brea.

Sincerely,

DAVID EVANS AND ASSOCIATES, INC.

Kim S. Rhodes

Kim S. Rhodes, L.A. 3867, Vice President

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: City Manager

DATE: 04/04/2017

SUBJECT: Approval of a MOU Between the City of Brea and the Brea Police Management Association (BPMA).

RECOMMENDATION

Adopt resolution approving the Memorandum Of Understanding (MOU) with the Brea Police Management Association.

BACKGROUND/DISCUSSION

Over the last couple of years, the City has approved labor agreements (Memorandums of Understanding or MOUs) with all seven bargaining units and in 2017 five of the seven MOUs are going to expire. In recent months, the City's negotiation team has been meeting with the Brea Police Management Association (BPMA) to try and reach agreement on terms and conditions for a new successor contract. A Tentative Agreement was reached on March 1, 2017 between the City and representatives of BPMA and the BPMA membership met in mid-March and ratified the proposed contract.

Over the last few years, contracts with employee associations have resulted in agreements to implement pension reforms in Brea consisting of employee contributions to retirement pension costs, elimination of the single highest year retirement benefit for new employees, and a new retirement formula for new members and cost sharing of employer pension obligations. These actions have and will continue to result in considerable cost savings for the City over time. The contract before the Council today also continues the pension reform theme while recognizing the efforts of employees to assist in keeping Brea fiscally sound through the financial recovery and beyond.

The City's bargaining team has been meeting in good faith with the BPMA resulting in a tentative agreement with this employee association. The agreement calls for an 18-month term including salary increases of 2% in both years with offsetting 1.5% increases to sworn employee contributions to retirement pension costs which will now result in sworn employees contributing the full 9% of the employee's share plus an additional 3% cost sharing for a total employee pension contribution of 12%. When combined with the pension contributions, the net salary adjustments result in salary increases for the Brea Police Management Association totaling approximately 2% the first year, with second year salary increase of 2%.

Other notable provisions to the contract include a provision in the attached MOU that requires all new employees hired in this unit who retire from the City to be subject to a lower City contribution for retiree health benefits. Now, the City's medical contribution towards retiree

health insurance in this unit will be the CalPERS Public Employees' Medical and Hospital Care Program (PEMHCA) minimum (as determined by CalPERS on an annual basis), not to exceed the actual cost of the plan selected rather than the \$335 benefit that presently exists. The PEMHCA minimum is \$128 in calendar year 2017 which is less than what the City is currently paying. Current employees will retain the \$335 benefit that presently exists. Other notable provisions to the contract include an increase to the Long Term Disability allowance and revisions to the employee contribution to the Retirement Health Savings Plan including the elimination of the \$25 minimum contribution.

FISCAL IMPACT/SUMMARY

The Brea Police Management Association has a total of seven sworn employees. The estimated net General Fund impact of entering into the agreement with BPMA is:

2017: \$21,734

2018: \$67,587

This action approves the City entering into a new MOU (labor agreement) with the Brea Police Management Association for an 18-month term.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Mario E. Maldonado, Human Resources Manager

Concurrence: Cynthia Russell, Administrative Services Director

Attachments

Resolution 2017-019

BPMA MOU 2017 - 2018

RESOLUTION NO. 2017-019

A RESOLUTION OF THE COUNCIL OF THE CITY OF BREA APPROVING THE MEMORANDUM OF UNDERSTANDING WITH THE BREA POLICE MANAGEMENT ASSOCIATION

A. RECITALS

(i) Chapter 10, Division 4, Title 1, of the Government Code of the State of California was amended effective January 1, 1969, for the purpose of promoting improved employer-employee relations between public employers and their employees by establishing uniform and orderly methods of communication between employees and the public agencies by which they are employed;

(ii) Government Code Section 3507 empowers a City to adopt reasonable rules and regulations after consultation in good faith with representatives of its employee organizations for the administration of employer-employee relations;

(iii) Pursuant to the provisions of the Employer-Employee Relations Resolution No. 06-62 of the City of Brea, the City of Brea has recognized the Brea Police Management Association, as the majority representative of employees in the bargaining unit, which includes sworn Police Department full-time employees, for the purpose of meeting its obligations under this Agreement, the Meyers-Milias-Brown Act, Government Code Section 3500, et seq., when City Rules, Regulations or laws affecting wages, hours and/or other terms and conditions of employment are amended or changed.

(iv) The duly authorized representatives of the City and the Brea Police

Management Association have met and conferred in good faith and have reached agreement on changes in wages, hours and terms and conditions of employment.

(v) The Brea Police Management Association membership has ratified the agreement.

B. RESOLUTION

NOW, THEREFORE, be it found, determined, and resolved by the City Council of the City of Brea, as follows:

- (i) The Memorandum of Understanding representing agreement by the City and the Brea Police Management Association on changes in wages, hours, and terms and conditions of employment for the term of January 1, 2017, through June 30, 2018, as attached hereto as Exhibit A, is approved.

ADOPTED AND APPROVED this 4th day of April, 2017.

Cecilia Hupp, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing resolution was introduced at a regular meeting of the City Council of the City of Brea, held on the 4th day of April, 2017, and was adopted by the following votes:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAINED: COUNCILMEMBERS:

Dated: _____

Lillian Harris-Neal, City Clerk

EXHIBIT A

Memorandum of Understanding

BETWEEN

**THE CITY OF BREA
AND**

**THE BREA POLICE
MANAGEMENT
ASSOCIATION**

JANUARY 1, 2017 THROUGH JUNE 30, 2018



**Brea Civic & Cultural Center
Human Resources Division
1 Civic Center Circle
Brea, CA 92821
714-990-7600**

www.cityofbrea.net

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B. Agreement

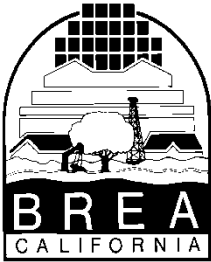
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EXHIBIT A – SALARY TABLES Effective January 14, 2017 – June 30, 2017

EXHIBIT B – SALARY TABLES Effective July 1, 2017 – January 12, 2018

EXHIBIT C – SALARY TABLES Effective January 13, 2018 – June 30, 2018

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**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CITY OF BREA
AND
THE BREA POLICE MANAGEMENT ASSOCIATION**

JANUARY 1, 2017 THROUGH JUNE 30, 2018

This Memorandum of Understanding (MOU) is made and entered into by and between the duly authorized representatives of the City and the Brea Police Management Association.

A. Recitals

(i) The parties hereto have met and conferred in good faith pursuant to the Meyers-Milias-Brown Act, Government Code Section 3500, et seq., and have reached agreement on changes in wages, hours and terms and conditions of employment.

(ii) The parties hereto have agreed upon the wages, hours, and terms and conditions of employment as set forth herein in order to encourage effective recruitment and retention of well-qualified employees and to foster and reward employees' potential, performance, professional attitude, morale and pride in work. The Brea Police Management Association employees hereby acknowledge these expectations.

B. Agreement

Now, therefore, the parties hereto agree as follows:

ARTICLE I – RECOGNITION

Pursuant to the provisions of City of Brea Employer-Employee Relations Resolution No. 06-62, the City of Brea (hereinafter called the "City") has recognized the Brea Police Management Association (hereinafter called the "Association") as the exclusive representative of employees in the bargaining unit, which includes full-time employees in the classifications of Police Captain and Police Lieutenant.

ARTICLE II – NONDISCRIMINATION

The City and the Association agree that they shall not discriminate against any employee because of race, color, gender, age, national origin, marital status, sexual preference, political or religious affiliations, and/or disability, except as may be required for compliance with Federal or State law, or exercise of rights under the Meyers-Milias-Brown Act. The

City and the Association shall re-open any provision of this Agreement for the purpose of complying with any final order of a Federal or State agency or court of competent jurisdiction requiring a modification or change in any provision or provisions of this Agreement in compliance with Federal or State antidiscrimination laws.

Disability Discrimination Laws

Because the Federal and State disability laws require accommodations for individuals protected by those laws, and because these accommodations must be determined on an individual, case-by-case basis, the parties agree that the provisions of this Agreement may be disregarded in order for the City to avoid discrimination relative to hiring, promotion, granting permanency, transfer, layoff, reassignment, termination, rehire, rates of pay, job and duty classification, seniority, leaves, fringe benefits, training opportunities, hours of work or other terms and privileges of employment only to the extent necessary to reasonably accommodate an individual covered by the respected laws, who meets the minimum requirements (as defined under these laws) for the position, and who has notified the employer of his/her disability.

The Association recognizes that the City has the legal obligation to meet with the individual employee to be accommodated before any adjustment is made in working conditions. Prior to disregarding any provision of the Agreement in order to undertake required accommodations for an individual protected by the law, the City will provide the Association with written notice of its intent to disregard the provision, and will allow the Association the opportunity to meet and confer over modifications of the Agreement on a case-by-case basis. Failure to reach agreement shall not preclude the City from implementation during the term of this Memorandum of Understanding.

Any accommodation provided to an individual protected by the law shall not establish a past practice, nor shall it be cited or used as evidence of a past practice in the grievance/arbitration procedure.

ARTICLE III – SCHEDULING/HOURS OF WORK AND ASSIGNMENTS

4/10 Work Schedule

The City has implemented a structured, synchronized 4/10 work schedule for the Police Captains and the Police Lieutenant assigned to Administration.

The City and the Association agree that the implementation of the structured, synchronized 4/10 work schedule shall be the sole responsibility of the City, consistent with the needs of the community. Concurrent with its obligations under the Meyers-Milias-Brown Act, the City and the Association will meet and confer at any time prior to any change, revision, or elimination of the structured, synchronized 4/10 work schedule. Failure to reach agreement on any change, revision or elimination of the structured, synchronized 4/10 work schedule shall not preclude the City from implementation during the term of this Memorandum of Understanding.

The Police Chief shall designate work schedules. The Police Chief may alter the work schedule of an employee subsequent to the consideration of departmental workload, operational efficiency, and staffing considerations. The Police Chief shall report any work schedule change in writing to the City Manager, where such change impacts a significant number of employees.

ARTICLE IV – SALARY AND WAGE PLAN

Salary

Salaries effective during the term of this MOU, are listed in Exhibits A, B and C, attached hereto and made a part thereof.

Effective the first full payroll period commencing on or after January 1, 2017, the base salary of each classification shall be increased by two percent (2%).

Effective the first full payroll period commencing on or after July 1, 2017 the base salary of each classification shall be increased by one and one-half percent (1.5%).

Effective the first full payroll period commencing on or after January 1, 2018, the base salary of each classification shall be increased by two percent (2%).

In recognition of the one and one-half percent (1.5%) salary increase reflected in Exhibit B noted above, Association members will increase their employees' share of CalPERS contributions by one and one-half percent (1.5%) effective the same date as their salary increase as delineated in Article VI, Fringe Benefits.

Merit Increases

Employees who have not reached the top step of the assigned salary range for their classification shall be eligible for an annual merit increase.

OVERTIME AND COMPENSATORY TIME

Overtime

Police Lieutenant Watch Commanders shall be compensated at their regular rate of pay for all hours worked in excess of their normally assigned shift. Police Lieutenants shall be compensated at a rate of time-and-one-half when working patrol supervisor shift coverage. If a Lieutenant is assigned to a task force or special enforcement program funded by the state or federal government, and overtime worked under that program is reimbursable at a rate of time-and-one-half, the City will pay the Lieutenant at that rate. The time-and-one-half rate is not applicable unless the City is reimbursed fully for that cost.

Compensatory Time

Subject to the approval of the Police Chief, or designee, a Police Lieutenant Watch Commander may elect to take compensatory time off in lieu of receiving pay for hours worked in excess of forty (40) in a work week. An employee who requests and is approved for compensatory time off in lieu of pay is entitled to one (1) hour of compensatory time off for each hour for which he/she would otherwise be entitled to pay.

Subject to the approval of the Police Chief, or designee, an employee may request to "bank" up to a maximum of one-hundred twenty (120) hours of compensatory time (representing one hundred twenty [120] hours of time worked) in lieu of receiving pay. The use of banked compensatory time shall be subject to the approval of the Police Chief, or designee.

Payoff of Accrued Compensatory Time

Employees may request a payoff of a portion of accrued compensatory time in May and November of each year. The May and November payoffs shall be processed with the employee's regular payroll check. Employees must request the payoff by April 10 and October 10 respectively each year to receive the payoff in May and November. The May payroll period may also contain a payoff of accumulated holiday hours (refer to Article V of this Memorandum of Understanding).

SPECIAL PAYS

Bilingual Pay

An employee required to speak in Spanish or other languages as deemed necessary by the Police Chief in addition to English as part of the regular duties of his/her position, shall be compensated at the rate of \$200 per month in addition to the employee's regular rate of pay for the first language spoken in addition to English. Each additional language spoken after the first shall be compensated at the rate of \$25 per month.

The Human Resources Officer shall designate which languages shall be eligible for Bilingual Pay based on community needs.

The Human Resources Manager shall administer the taking of competency tests to certify the employee as eligible for Bilingual Pay based on the employee's proficiency in speaking Spanish or other languages. Such certification shall be a condition prior to qualifying for Bilingual Pay.

An employee may become eligible for Bilingual Pay at any time. An employee must be recertified immediately prior to each anniversary date of his/her certification to continue to be eligible for Bilingual Pay. If the employee fails to reapply or to become recertified, the Bilingual Pay shall cease at the beginning of the payroll period immediately following the employee's certification anniversary date. The employee is responsible to initiate the

request for eligibility or recertification.

After two (2) successful recertifications, the employee shall only be required to participate in the recertification process every four (4) years.

Uniform Allowance

The City shall pay Association members a lump sum uniform allowance of \$850 per year.

The lump sum uniform allowance shall be paid directly to the employee along with their regular pay on a regular pay date as early as feasible in July of each year.

Vehicle Allowance/Assignment

Police Captains shall either receive a vehicle allowance in the amount of \$400 per month for job-related usage of their personal vehicles, or, at the Police Chief's discretion, may be assigned a vehicle in lieu of the \$400 allowance.

The Police Lieutenant assigned to Administration shall receive \$200 per month for job-related usage of his/her personal vehicle. Other Police Lieutenants shall receive a vehicle allowance in the amount of \$125 per month for job-related usage of their personal vehicles.

Duty Weapons

Sworn employees shall be permitted to furnish their duty weapon provided that the duty weapon meets all the specifications established by the Police Department. The City shall provide a duty weapon upon the individual request of a sworn employee.

SPECIAL ASSIGNMENTS AND COMPENSATION

Special Assignments

A Police Lieutenant assigned to the Professional Standards Unit shall receive special assignment pay of five percent (5%) of base pay to be effective for only as long as the duty assignment remains in effect for the employee.

Police Lieutenants shall be appointed to special assignments at the sole discretion of the Police Chief. Police Lieutenants may be removed from special assignments at the sole discretion of the Police Chief. The decision to remove a Lieutenant from a special assignment is not considered punitive and/or disciplinary, and may not be appealed through the disciplinary process or the grievance procedure.

ARTICLE V – LEAVES

VACATION

Vacation Accruals

Employees shall earn and accrue vacation leave time at the following rates:

<u>Following</u>	<u>Vacation Accrual</u>
Initial Hire	80 hours/year
Completion of 3 Years	120 hours/year
Completion of 7 Years	140 hours/year
Completion of 13 Years	160 hours/year
Completion of 16 years	175 hours/year
Completion of 19 Years	200 hours/year

Use of Vacation Leave

Employees are encouraged to use at least forty (40) hours of vacation leave each fiscal year. Vacation leave time shall not be approved until such time as it has been earned. The time at which an employee shall take vacation leave shall be requested by the employee prior to the start of the vacation leave period. Such vacation leave to be taken shall be subject to the prior approval of the Police Chief, subsequent to consideration of the departmental workload and other staffing considerations, such as but not limited to the previously approved vacation schedule of other employees, sick leave and position vacancies.

Maximum Accrual of Vacation Leave

Employees shall be entitled to accrue a maximum of four hundred (400) hours of vacation leave.

Buy-Back of Vacation Leave Hours

Upon an employee's written request, the City will buy-back unused vacation hours subject to the following provisions:

- A. An employee must have used eighty (80) hours of paid leave (excluding sick leave), one (1) week of which must be consecutive vacation hours, within one (1) year from the date the employee is requesting a vacation buy-back.
- B. The minimum amount of each buy-back shall be forty (40) hours.
- C. An employee must maintain a minimum balance of eighty (80) hours in his/her vacation leave bank.

HOLIDAYS

The City designates twelve holidays per year as follows:

New Year's Day, January 1
Martin Luther King, Jr. Day, third Monday in January
President's Day
Memorial Day, last Monday in May
Independence Day, July 4
Labor Day, first Monday in September
Thanksgiving Day
The day following Thanksgiving Day
Christmas Eve, December 24
Christmas Day, December 25
New Year's Eve, December 31
Floating Holiday

Employees shall be in a paid status the day prior to and immediately following the holiday in order to receive holiday pay.

Shift Employees (Defined as Police Lieutenants serving as Watch Commander)

Employees shall accrue one-hundred eight (108) holiday hours per fiscal year at the rate of approximately 4.15 hours per pay period. A holiday is considered a maximum of nine (9) hours per holiday regardless of the employee's work schedule (such as 4-10, 6-12+8, etc.). An employee who works an alternate schedule (i.e. 4-10) will need to supplement his or her holiday with another leave bank (floating holiday, vacation, accrued compensation time, or administrative leave).

All holidays taken off, shall be accounted for by using Holiday Bank hours to the extent that Holiday Bank hours are available in the employee's Holiday Bank. Vacation and or compensatory bank time may only be used for holidays taken off after the employee's Holiday Bank is exhausted.

Holiday hours accumulated and not taken prior to the payoff in November shall be paid at the employee's basic rate of pay as of the date of the payoff. Employees must notify payroll via email by November 1st if they want to retain holiday hours in their bank to cover holidays through January 1. Employees wanting a payoff in May of any subsequent year may submit, in writing, to the Police Chief, or designee, a request for payment of accumulated holiday time. This request must be turned in to the Police Chief, or designee, by April 10 in order to be paid during the month of May.

Payoff of accumulated holiday hours shall be processed with the employee's regular payroll check. This check may also contain a payoff of accrued compensatory time (refer to Article IV of this Memorandum of Understanding).

Non-shift Employees

Except on those years when Christmas, Christmas Eve, New Year's and/or New Year's Eve fall on a Saturday or Sunday, where it will be more efficient to use the Holiday time to "pay" for the Holiday Closure, if a holiday falls on a Sunday, the Monday following is observed. If a holiday falls on a Saturday the preceding Friday is observed.

If a holiday falls on a day that an employee is not scheduled to work he or she will receive the equivalent hours (maximum nine (9) hours) in his/her holiday bank.

If an employee works on a holiday they will be compensated at his/her regular hourly rate of pay for hours worked. If they work fewer than nine (9) hours his/her time shall be augmented by holiday time up to nine (9) hours and they shall accrue the balance of their nine (9) hours of holiday time. Example #1: An employee works five (5) hours on a holiday. They are paid for five (5) hours of regular time, four (4) of holiday time and they accrue five (5) hours of holiday time. Example #2: An employee works nine (9) hours on a holiday. They are paid for nine (9) hours of regular time and accrue nine (9) hours of holiday time.

Floating Holiday. Effective the first pay period in July each year, each employee shall be granted nine (9) hours of floating holiday leave time. Newly hired employees shall be granted nine (9) hours of floating holiday leave time if hired between July 1 and December 31 of each year and four and one half (4.5) hours of floating holiday leave time if hired between January 1 and June 30 of each year.

Holiday leave shall not be carried over from one (1) fiscal year to the next, nor may employees convert unused holiday leave to cash except upon termination of employment.

DONATION OF LEAVE TIME

Employees may donate, on an hour-for-hour basis, vacation, compensatory or holiday leave time to other City employees with a major medical condition who have exhausted all available accrued leave time due to their medical condition.

SICK LEAVE AND BEREAVEMENT LEAVE

Sick Leave

Employees shall earn eight (8) hours of sick leave per month. Sick leave shall be earned, commencing on the first day of employment, and shall accrue on a bi-weekly basis.

Personal Medical and Dental Appointments

Subject to the approval of the Police Chief and/or his/her designee, employees may utilize sick leave for personal medical and/or dental appointments.

Sick Leave Authorization for Immediate Family Members

An employee shall be allowed to use up to a maximum of forty-eight (48) hours of personal sick leave per fiscal year for medical and/or dental appointments for immediate family members, and/or illness or death of an immediate family member. Immediate family as used in this Article is limited to: the employee's parents and grandparents (natural, adoptive, foster, by marriage or legal guardians), current spouse, registered domestic partner, children and grandchildren (natural, adoptive, foster, or by marriage or domestic partnership), parents-in-law (or by domestic partnership), siblings, and siblings-in-law (or by domestic partnership). In the event of death in the immediate family, a death certificate or other acceptable evidence may be required by the Police Chief before the sick leave is allowed. In the event of a serious illness in the immediate family, a medical certificate from an acceptable medical authority may be required by the Police Chief. Such leave may take travel time into consideration. The amount of sick leave used in either of these two (2) circumstances shall be reported on the appropriate leave request form.

Notification to Supervisor

Any employee needing to be absent because of sickness or other physical disability shall notify the appropriate Department Director or immediate supervisor at least one (1) day prior to such absence if circumstances permit, or as soon thereafter as possible. Any employee falsifying a reason for sick leave shall be subject to discipline, up to and including termination.

Sick Leave Conversion

Upon an employee's written request, the City will convert twenty (20) hours of his/her accrued sick leave to administrative leave subject to the approval of the Human Resources Manager and the following provisions:

- A. The employee must have accrued a minimum balance of 875 hours of sick leave in his/her sick leave bank at the time of the request.
- B. The conversion of sick leave hours to administrative leave time may occur only one (1) time per fiscal year per employee.
- C. The use of sick leave hours converted to administrative leave shall be subject to the Administrative Leave provisions as outlined below, and may not be taken if doing so generates overtime coverage.

Bereavement Leave

An employee shall be allowed three working days (based on the employee's normal work schedule) of bereavement leave for each incident of a death of an immediate family member (as defined in the "Sick Leave Authorization for Immediate Family Members" section above). These three working days of bereavement leave are in addition to the sick leave which an employee may use for death in the immediate family (as defined in the

“Sick Leave Authorization for Immediate Family Members” section above).

OTHER LEAVES

Leave of Absence Without Pay

The City Manager may grant leaves of absence for a maximum of ninety (90) working days without pay to any employee, if the circumstances of the particular case warrant and if the Police Chief so recommends such leave of absence in writing. An employee, not under suspension, may make application for leave without pay after all available leave benefits, including vacation, administrative leave, compensatory time, holiday leave time, Family Care Leave, and sick leave (subject to eligibility to use sick leave) and any other leave benefits have been completely used. No employment or fringe benefits such as sick leave, vacation, retirement, or any other benefits shall accrue to any employee on leave of absence without pay; except however, the City will continue to pay the employee's medical insurance up to the current maximum allowable under the current flexible benefit plan program for a maximum of three (3) months during any one leave in any twelve (12) month period while an employee is on authorized leave.

Prior to the end of a leave of absence without pay, if the employee desires additional leave, written application must be made to the City Manager stating the reasons why the additional leave is required and why it would be in the best interest of the City to grant such leave of absence. If, in the City Manager's opinion, such additional leave is merited and would still preserve the best interests of the City, he/she may approve such extensions of leave of absence for a period not to exceed an additional ninety (90) working days. If the employee does not return to work prior to or at the end of such leave of absence or extension of leave of absence, the City shall consider that the employee has terminated his/her employment with the City.

An employee on leave of absence must give the City at least a seven (7) day written notice of the employee's intent to return to work.

Administrative Leave

Police Captains and Police Lieutenants shall be granted forty (40) hours of administrative leave on July 1 of each fiscal year. Administrative leave is in lieu of receiving pay for hours worked in excess of forty (40) in a work week and is in recognition that administrative Police Management employees may be required to work in excess of their normal work schedule. Administrative leave shall not be carried over from one (1) fiscal year to the next, nor may employees convert unused administrative leave to cash. Employees who are promoted, reassigned, or are new hires shall be granted administrative leave on a prorated basis for the remainder of the fiscal year. The City Manager may authorize additional administrative leave at his/her discretion. Administrative leave may only be taken subject to the prior approval of the Police Chief.

ARTICLE VI – FRINGE BENEFITS

Administration

The City reserves the right to select the insurance carrier, or to administer any fringe benefit programs that now exists or may exist in the future during the term of this Memorandum of Understanding.

Selection and Funding

In the administration of the fringe benefit programs, the City shall have the right to select any insurance carrier or other method of providing coverage to fund the benefits included under the terms of this Memorandum of Understanding, provided that the benefits of the employees shall be no less than those in existence as of implementation of this Agreement. During the term of this Agreement, the parties are agreeable to discussing medical insurance alternatives to the PERS Health Plans, and, if the City elects to leave the PERS Health Plans, methods of funding future retiree medical insurance, including but not limited to retirement health savings or annuity programs.

Changes

If, during the term of this Memorandum of Understanding, any change of insurance carrier or method of funding for any benefit provided hereunder occurs, the City shall meet with the Association prior to any change of insurance carrier or method of funding the coverage.

HEALTH AND WELFARE BENEFITS

Flexible Benefit Plan

The City's Flexible Benefit Plan shall include, for the employee and eligible dependents, City sponsored health insurance plans including medical insurance, dental insurance, and optical insurance. The Flexible Benefit Plan shall also include, for employee only, short-term disability, optional life insurance, deferred compensation, and education reimbursement for undergraduate college-level courses only.

Effective January 1, 2013, the maximum Flexible Benefit contribution for employees enrolled in a City sponsored medical plan shall be:

Single employee	\$750
Employee plus 1 dependent	\$1225
Employee plus 2 or more dependents	\$1450

Should any other association receive an increase in flexible benefit contributions for "employee plus 2 or more dependents" to an amount greater than that available to Brea Police Management Association members, that same amount will be made available to

Brea Police Management Association members for “employee plus 2 or more dependents” effective the same date as made available to the other non-management association.

Employees hired prior to January 1, 2006, who have opted out will continue to receive a \$650 contribution. Employees hired on/after January 1, 2006, shall receive the amount shown for the plan level in which they have enrolled. Those hired on/after January 1, 2006, who opt-out of all the City health plans will receive \$325 per month.

Employees who do not use the full amount of the Flexible Benefit contribution for optional benefits provided herein may elect to receive the remaining amount as taxable cash in the bi-weekly payroll, or to deposit the amount in a deferred compensation (457) plan.

Should the total cost of premiums for benefits selected under the Flexible Benefit Plan exceed the City's monthly contribution, the overage will be paid by the employee via payroll deductions. The City will continue to pay the one-half percent (1/2%) administrative fee for the CalPERS Health Insurance Program medical insurance plan. If the administrative fee increases, the City shall meet and confer on the increase.

While participating in the PERS Health Plans during the term of this Agreement, should PERS or legislative acts redefine the designated contributions for retirees to include Flexible Benefit Plan contributions, the parties will meet and confer on an alternative method of funding active employee benefits.

At such time during the term of this Memorandum of Understanding that education reimbursement is considered a taxable benefit under Internal Revenue Service regulations, then education reimbursement shall be excluded as a Flexible Benefit Plan option.

Retiree Medical Benefit

Within the City's Flexible Benefit Plan monthly contribution amounts, \$335 is considered to be the City's contribution toward the CalPERS Health Insurance Program for medical insurance and shall be reported to CalPERS as such. This \$335 shall be the City's contribution toward retiree medical insurance coverage. There is no opt out value for retiree medical coverage. The parties intend that the entitlement to receive a retiree medical benefit of \$335 per month is a vested benefit for all employees hired by the City on or before June 30, 2017. The inclusion of this vesting language is to comply with the Supreme Court's decision in M&G Polymers v. Thacker, 135 S.Ct. 935 (2015), requiring that the intent to vest a benefit be explicitly set forth.

Employees hired by the City after June 30, 2017 and placed into this Association, shall, upon retirement from the City receive the CalPERS Public Employees' Medical and Hospital Care Program (PEMHCA) minimum (as determined by CalPERS on an annual basis), not to exceed the actual cost of the plan selected. (PEMHCA minimum is \$128 for calendar year 2017).

While participating in the CalPERS Health Plans during the term of this Agreement, should CalPERS or legislative acts redefine the designated contributions for retirees to include

Flexible Benefit Plan contributions, the parties will meet and confer on an alternative method of funding active employee benefits.

Life Insurance

Based on the life insurance policy limitations, the City shall provide each employee with a term life insurance policy with a benefit equal to one times the individual employee's annual salary. An employee may purchase additional (optional) life insurance coverage at his/her own expense, subject to the terms, conditions, and approval of the insurance carrier.

Long-Term Disability Insurance Plan (LTD)

The City shall provide Long-Term Disability Insurance benefits for all employees who have completed an initial probationary period and as provided for in the City's LTD plan document except as provided below in this section of this Article.

Effective for qualifying illnesses or injuries occurring after January 1, 2017, Long-Term Disability (LTD) benefits shall equal 66-2/3% of the first \$16,650 of the employee's basic monthly earnings, reduced by any deductible benefits as described in the Plan Document. For the purposes of this benefit, "basic monthly earnings" means the regular salary range step amount applicable to the affected employee (which includes POST, education, and/or Bilingual compensation, if applicable), exclusive of overtime or intermittent additional compensation that may be paid in any pay period. No benefits shall be payable for the first sixty (60) calendar days of each period of total disability, or the end of the period of accumulated paid sick leave to which the employee is entitled under the City's sick leave program, whichever is longer. After LTD benefits commence, the employee may elect to use any remaining paid leave (vacation or other accumulated leave) to supplement such benefits during the term of illness or injury leave. The amount of supplementation, in conjunction with the LTD benefit payment, shall not exceed the employee's normal payroll for the period.

Section 125 Program

The City has implemented an Internal Revenue Section 125 program which allows employees to allocate specified amounts of monthly pre-tax salary or wages for the reimbursement of health care expenses or dependent care expenses, or both. Employees who choose to participate in the program shall pay all program administration costs and/or fees.

Retirement Health Savings Plan (RHSP)

Effective April 1, 2017, the mandatory \$25 contribution by each employee per month to a Retirement Health Savings Plan (RHSP) is eliminated. In lieu of the mandatory \$25 contribution, the Association has developed new designated contribution amounts by category that are listed below.

Contributions to a RHSP must comply with the mandatory contribution provisions provided

under IRS regulations. The City and Association may create or amend contribution provisions prospectively to comply.

Any Police Management safety member of CalPERS who (1) retires from the City of Brea, and (2) has reached a cumulative age and length of service in CalPERS that would provide the maximum retirement benefit (i.e., 90% final compensation), shall have his/her unused sick leave bank at the time of separation, which would otherwise have provided additional retirement service credit, converted to a contribution to the RHSP. The amount of contribution will be calculated as the dollar value of the unused sick leave multiplied by the then current CalPERS contribution rate for employer and employee.

All Police Management employees who retire or resign from the City of Brea and have an accumulated bank of unused vacation shall have one hundred percent (100%) of the accumulated leave converted to an employer contribution of the RHSP. The amount of contribution shall be the employee's hourly rate of pay multiplied by the number of vacation hours eligible under this provision.

Effective April 1, 2017, individuals in the following categories will contribute to their own RHSP account the amounts described below by payroll deduction:

- A. Police Captains shall contribute one percent (1%) of normal base salary (inclusive of POST and/or Professional Development Pay).
- B. Police Lieutenants who have attained the age of forty-five (45) years shall contribute three percent (3%) of normal base salary (inclusive of POST and/or Professional Development Pay).
- C. Police Lieutenants who have not yet attained the age of forty-five (45) years shall contribute one percent (1%) of normal base salary (inclusive of POST and/or Professional Development Pay)."

RETIREMENT

Public Employees' Retirement System (CalPERS)

All employees covered under this Agreement shall be members of the State of California Public Employees' Retirement System (CalPERS) and are subject to all applicable provisions of the City's contract with CalPERS, as amended.

Employees hired as "Classic" safety employees under the CalPERS definition pay the entire nine percent (9%) CalPERS mandated employee retirement contribution, plus an additional one and one-half percent (1.5%), for a total CalPERS contribution of ten and one-half (10.5%). Effective the first full payroll period commencing on or after July 1, 2017 "Classic" safety employees in the unit shall pay an additional one and one-half percent (1.5%) for a total CalPERS contribution of twelve percent (12%).

Implementation of the above funding of the employee CalPERS contributions shall be accomplished by means of each affected employee incurring a payroll deduction each payroll period in the above amounts. Said payroll deductions shall be on a pre-tax basis pursuant to IRS Code Section 414(h)(2).

CalPERS Plan Formula for Safety Employees- The CalPERS plan in effect for “Classic” Association members hired before September 17, 2011 is known as the “Local Safety 3% @ 50 Plan, based on the single highest year”.

“Classic” Association members hired on or after September 17, 2011 shall be enrolled in the 2% @ 50 plan formula based on the three highest years and shall be ineligible for the single highest year benefit.

New Employees- Unit safety members who are “new members” within the meaning of Government Code section 7522.04 are enrolled in the 2.7% at 57 (Government Code section 7522.25(e) Retirement formula, based on the three highest years and shall be ineligible for the single highest year benefit.

Unit employees who are “new employees” and/or “new members” as those terms are defined in Government Code section 7522.04 (as included within AB340) hired on and after January 1, 2013, shall individually pay an initial Member CalPERS contribution rate of fifty percent (50%) of the normal cost rate for the Defined Benefit Plan in which said newly hired employee is enrolled, rounded to the nearest quarter of 1%, (AB340 – Government Code section 7522.30).

Single Highest Year- All employees subject to the single highest year (one-year final compensation) benefit shall fund that benefit 100%, in the amount of 1.681% of CalPERS reportable “compensation earnable,” as it may from time to time exist. Said funding shall be by means of a payroll deduction on a pre-tax basis pursuant to IRS Code Section 414(h)(2). Current employees presently eligible for the “one-year final compensation” benefit who were hired prior to July 1, 1984, will not be required to make the payroll contribution specified in this section.

1959 Survivor Benefits- The CalPERS Retirement Plan has been amended to include the Fourth Level Survivor Benefit for unit employees. All employees shall pay 100% of the monthly cost for this benefit, in addition to the \$2.00 monthly cost for the Basic Level 1959 Survivor Benefit.

Social Security

In the event the City and its employees are required to participate in the Federal Social Security Program, the contributions designated by law to be the responsibility of the employee shall be paid in full by the employee and the City shall not be obligated to pay or “pick up” any portion thereof.

WELLNESS PROGRAM

The City shall contribute a maximum of \$500 per fiscal year for each employee towards wellness and fitness programs, including any combination as provided hereinafter. Wellness expenses that are **not pre-approved** prior to incurring the expense may not be reimbursed. Pre-approval is not required for Body Scans and Chiropractic or Medical Care when all other requirements are met. For ongoing Cardiovascular & Strength Training programs, only one pre-approval is required per program, employees will not need to be pre-approved for the same program each year.

Medical Examination

Wellness money may be used for voluntary medical examinations. The medical examination shall be conducted by a physician in active practice licensed by California State Law and within the scope of his/her practice as defined by California State Law. Employees are required to submit the cost of the medical examination through their medical insurance carrier prior to submitting a request for reimbursement from the City. An employee's request for reimbursement must be submitted to the Human Resources Officer, and must be accompanied by an itemized receipt for expenses incurred and the "Explanation of Benefits" (EOB) statement from his/her medical insurance carrier.

Cardiovascular and Strength Training Programs

Employees shall be entitled to reimbursement for cardiovascular and weight training programs. Reimbursable expenses must be pre-approved by the Human Resources Officer prior to incurring the expense. Requests for reimbursement will be paid for the fiscal year in which they are incurred and received for reimbursement. All employee requests for reimbursement must be accompanied by an itemized receipt for expenses incurred showing the employee member's name and dates of the covered enrollment period. Reimbursement will be made for the current program year only. If the employee pays for more than one program year, they will receive reimbursement for the second program year twelve (12) months after the first reimbursement.

Preventive or Diagnostic Heart, Stroke, and Body Scanning

The City contribution shall be available for reimbursement for the costs of preventive and diagnostic medical evaluations involving scientific scanning processes and similar non-invasive techniques, which are not reimbursable under the employee's medical insurance plan. Employees must provide an itemized receipt for expenses incurred and the "Explanation of Benefits" (EOB) statement from his/her medical insurance carrier (i.e., denial of benefits).

Voluntary Annual Medical Examination and Chiropractic Care

For each employee, the contribution shall be available to pay for medical insurance deductibles or other non-reimbursed medical expenses for the voluntary annual medical examination or for treatment by a chiropractor which is not covered by the employee's

medical insurance plan. The medical examination shall be conducted by a physician in active practice licensed by California State Law and within the scope of his/her practice as defined by California State Law. Employees are required to submit the cost of the medical examination through their medical insurance carrier prior to submitting a request for reimbursement from the City. An employee's request for reimbursement must be submitted to the Human Resources Officer, and must be accompanied by an itemized receipt for expenses incurred and the "Explanation of Benefits" (EOB) statement from his/her medical insurance carrier.

Weight Reduction

The City contribution shall be available for reimbursement of registration and meeting expenses for weight reduction programs. An employee's request for reimbursement must be accompanied by an itemized receipt for expenses incurred. Employees will not be reimbursed for the cost of food or dietary supplements included in a weight reduction program.

Fitness, Cardiovascular and Strength Training Equipment

Employees may request reimbursement by submitting proof of purchase and a signed statement that the equipment will be used by the employee for his/her personal fitness program.

Following are some examples of items that would and would not qualify for Cardiovascular & Strength Training Programs & Equipment:

Cardio/Strength Training Program Examples:

Qualified expenses

- Gym membership
- Martial arts classes
- Personal trainer
- Yoga classes

Non-qualified expenses

- Dance classes
- Pool memberships
- Sports leagues (Hockey, football, etc.)
- Wii Fit

Cardio/Strength Training Equipment Examples

Qualified expenses

- Exercise machines (treadmill, elliptical, stationary bike, etc)
- Weights, weight Benches
- Punching bags

Non-qualified expenses

- Bicycles
- Equipment floor mats
- Yoga Mats
- Gym clothes and shoes
- Pedometer
- Equipment warranties
- Exercise DVDs

The Wellness Program does not reimburse for examinations or procedures for cosmetic or non-medically necessary services.

ARTICLE VII – PROFESSIONAL DEVELOPMENT AND POST CERTIFICATION PROGRAM

Professional Organization Memberships

The City may allow for the payment of membership dues in professional organizations

when such membership is of mutual benefit to the employee and the City.

Educational and POST Certification Program

The City and the Brea Police Management Association (BPMA) agree that Police Lieutenants and Police Captains will be eligible for additional compensation by participating in a program wherein BPMA members:

- A. Are encouraged to advance their education;
- B. Are fairly compensated for their effort and achievements; and,
- C. Return the City's investment in that education and development by increasing and maintaining their involvement in the community and in public service.

To be eligible for the additional compensation, Association members must meet the following criteria:

- A. Effective the first payroll period of July 2008, the provisions relating to compensation shall be as follows:

<u>Classification/Criteria:</u>	<u>Compensation:</u>
Police Lieutenants or Police Captains with a Master's Degree:	Five percent (5%) of their salary per month as additional compensation;
Police Lieutenants who have completed required POST course work toward their POST Management Certificate:	Three percent (3%) of their salary per month as additional compensation;
Police Lieutenants with <u>both</u> a Master's degree and completion of the required POST course work toward a Management Certificate:	Eight percent (8%) of their salary per month as additional compensation;
Police Lieutenants or Police Captains with a POST Management Certificate:	Seven percent (7%) of their salary per month as additional compensation;
Police Lieutenants or Police Captains with <u>both</u> a Master's degree and POST Management Certificate:	Twelve percent (12%) of their salary per month as additional compensation.

- B. After obtaining the POST Management Certificate, each participant shall complete thirty-two (32) hours per year in a combination of:
 - 1) Continuing education/training/professional development, above and beyond any annual POST-mandated programs; and,
 - 2) Voluntary teaching or compensated teaching not conducted on City time, public speaking and/or community service programs, not part of the

employee's normally assigned duties, which may be conducted on City time but for which the participants will not be otherwise compensated; or, writing and having published any book, or an article for a magazine, newspaper, newsletter or other recognized publication.

- 3) At least 4 hours of time must be spent in each of categories (1) and (2), and the balance of the thirty-two (32) hours may be in any proportion between the two.
- 4) If there is any questions as to the relevancy of a proposed community service, participants must get prior approval of the Police Chief before assuming the event or service will be credited for this program.

Each category defined above is separate and shall not be combined except as provided.

Attainment of the continuing education and community service requirements shall be reviewed and certified by the Police Chief and documented with the Personnel Action Form (PAF) which shall be submitted to the Human Resources Manager to commence/continue the incentive pay.

Pay under this article shall initially commence at the beginning of the first payroll period following completion of the requirements and shall continue until the employee's next anniversary date in the classification.

Pay eligibility must be renewed each year (measured from the employee's anniversary date in the classification) and shall be discontinued at the beginning of the first payroll period following the employee's anniversary date if the continuing education and community service requirements are not met in the preceding year.

If the employee fails to meet one or more of the requirements and PDP pay is discontinued, he/she will be ineligible for a minimum of six (6) payroll periods following the anniversary date. Thereafter, upon the employee's completion of the continuing education, community service and performance evaluation requirements, the monthly pay shall resume for the balance of the employee's year. The employee will be obligated to satisfy the continuing education and community service requirements again prior to the end of that anniversary year to maintain the pay in the following year.

It is understood that pay under this article shall be reported as regular or special compensation for the purposes of the CalPERS "final compensation period" for retirement benefits.

If a BPMA member becomes ill or injured in the course of duty, and is therefore subject to leave with pay under Labor Code Section 4850, incentive compensation will continue during the leave, even into the succeeding year if necessary. Upon return to duty, if the employee has not met all of the continuing education and community service requirements for continuation of the pay, the additional compensation will cease and shall not be restored until:

- A. The requirements have been satisfied; and,
- B. The employee has worked for a period of time equivalent to the leave of absence that extended into the succeeding anniversary year.

Pay will not be multiplied for additional degrees or certificates.

Educational and Technology Reimbursement

The Education Reimbursement program is designed to encourage employees to continue their self-development by enrolling in approved coursework that will educate them in new concepts and methods in their occupational field and prepare them to meet the changing demands of their job and/or help prepare them for advancement to positions of greater responsibility with the City.

Members may also use up to \$250 for technology reimbursement (computer-related hardware or software) compatible with City systems.

Eligibility

Courses must be: 1) related to the employee's current occupation; 2) related to a City classification to which the employee may reasonably expect promotion or 3) required for the completion of the pre-approved job-related major.

Education reimbursement monies shall only be applied to the verified cost of tuition, registration, course-related books, parking and laboratory fees for the approved education program.

Coursework as described herein must be completed at a college or university accredited by the Western Association of Schools and Colleges (WASC) or an equivalent accrediting organization. Tuition shall not be granted for on-line attendance or other attendances at what are referred to as "degree mills." For purposes of this MOU only, a "degree mill" is an organization that awards academic degrees and diplomas with substandard or no academic study and without recognition by official educational accrediting bodies. These degrees are often awarded based on vaguely construed life experience. Some such organizations claim accreditation by non-recognized/unapproved accrediting bodies set up for the purposes of providing a veneer of authenticity.

Employees shall submit a request for Education or Technology Reimbursement to the Human Resources department a minimum of ten (10) days prior to the scheduled program start date and obtain written approval from the Human Resources Department prior to enrolling for the desired courses(s) or purchasing the desired technology item. The City will deny professional development and college course work that is deemed not to be job related and technology that is not job related and compatible with City systems. Proof of completion of the approved education program or college course work shall consist of a certificate of completion, or other verification of participation, or a college transcript showing a letter grade of "C" or better, or in cases where no letter grade is given, a certificate of completion or written proof that the college course work was completed in a

satisfactory manner. Upon completion of the pre-approved program, requests for reimbursement may be submitted to the Human Resources Manager (or his/her designee) and must be accompanied by a receipt for all eligible expenses incurred.

Reimbursements from Other Sources

If an employee receives tuition payments or refunds for college-level course work from other sources, the City will contribute the difference between the amount the employee receives from the other source and the authorized costs incurred by the employee to the maximum amount cited in the Reimbursement Schedule below.

Reimbursement Schedule

The amount of education reimbursement available annually to each employee shall be

\$3,000 for the twelve (12) month period from September 1 through August 31 and each year.

Up to \$500 of the annual amount may be used for non-college education, training and professional development programs. Up to \$250 of the annual \$500 may be used for reimbursement of technology items pre-approved by the Human Resources Manager. Requests for reimbursement for completed education programs will be paid for the twelve (12) month period (September 1 through August 31) in which the requests receive final approval by the Human Resources Manager.

If the amount *incurred and* submitted for reimbursement for eligible college coursework in any year exceeds the annual maximum, the employee may elect to carry-over the excess amount to be reimbursed in the next eligible year and paid as part of that succeeding year's annual maximum reimbursement. This carry-over is good for one (1) year only.

Each employee shall also be eligible to participate in an intensive or condensed degree program on a one-time basis in lieu of the annual course reimbursement described above. Such program, which is designed to achieve approximately two years of classroom education within a one-year time frame, may result in expenses exceeding the annual reimbursement amount. An approved course of study in an intensive or condensed semester or degree-achievement format shall be eligible for reimbursement up to the annual maximum as stated above, paid over a four-year period to a maximum of the actual eligible costs, or \$12,000, whichever is less. The employee must submit proof of successful course completion, and proof of payment of tuition and costs, to be eligible for reimbursement under this provision before the annual reimbursement payments will be made.

ARTICLE VIII – OTHER PROVISIONS

Substance Abuse Policy

It is the responsibility of all affected employees to cooperate to protect the lives, personal safety and property of co-workers and fellow citizens. The parties hereto and all affected employees shall take all reasonable steps to accomplish these goals and to minimize potential dangers.

It is in the best interest of the City, the Association, employees and the public to ensure that employees do not appear for work under the influence of drugs or alcohol, or possess illegal substances or alcohol while at work, because such conduct is likely to result in reduced productivity, an unsafe working environment, poor morale and increased potential liability to the City. "Under the influence of drugs" means the knowing use of any illegal substances or knowing misuse of a prescribed drug in a manner and to a degree that substantially impairs the employee's work performance or the ability to use City property or equipment safely.

The City pays for an Employee Assistance Program for employees who may have problems with drugs and/or alcohol. The City and the Association agree that every effort shall be made by the City to refer employees who have such problems to this counseling service for assistance.

The City shall, upon showing of reasonable suspicion that this policy is being violated, compel an employee who appears to be unable to perform any portion of his/her job to submit to a medical examination on City time and at the City's expense, which includes drug or alcohol screening. Refusal to submit to the test may be deemed insubordination and may subject the employee to discipline, up to and including termination. Nothing contained herein shall limit the City's right to discipline or discharge any employee.

The City shall provide training to employees and supervisors to assist them in detecting employees with possible drug or alcohol problems.

Use of Tobacco Products

Employees shall not smoke or use any tobacco products at any time while on, or off, duty.

Employees who smoked tobacco products who were hired prior to January 1, 1988, are exempt from the smoking element of this Article, but are restricted from using other tobacco products while on-duty.

All employees hired prior to January 1, 1993, who use tobacco products off-duty must complete a statement acknowledging their off-duty use of the tobacco product(s).

Violation of this Article may subject the employee to disciplinary action up to and including termination.

ARTICLE IX – LABOR MANAGEMENT RELATIONSHIP

Labor Management Committee

The City agrees to work with the Association to establish a labor management committee to discuss issues of mutual concern as needed.

ARTICLE X – MOU CONTRACT PROVISIONS

ENTIRE MEMORANDUM OF UNDERSTANDING

It is the intent of the parties hereto that the provisions of this Memorandum of Understanding shall supersede all prior agreements and memoranda of agreement, or memoranda of understanding, or contrary salary and/or personnel resolutions or Administrative Codes, provisions of the City, oral or written, expressed or implied, between the parties, and shall govern the entire relationship, and shall be the sole source of any and all rights which may be asserted hereunder. This Memorandum of Understanding is not intended to conflict with Federal or State Law.

Notwithstanding the provisions above of this Article, there exists within the City certain personnel rules and regulations, departmental rules and regulations and other items and conditions of employment. To the extent that this Agreement does not specifically contradict these personnel rules and regulations or City ordinances and/or other items and conditions of employment, they shall continue subject to being changed by the City in accordance with the exercise of City rights under this Agreement and applicable State Law.

SEVERABILITY

Should any provision of this Memorandum of Understanding be found to be inoperative, void or invalid by a court of competent jurisdiction, all other provisions of this Memorandum of Understanding shall remain in full force and effect for the duration of this Memorandum of Understanding.

TERM OF MEMORANDUM OF UNDERSTANDING

This agreement shall become effective January 1, 2017, and shall remain in full force and effect through June 30, 2018.

RATIFICATION AND EXECUTION

The City and the Association acknowledge that this Memorandum of Understanding shall not be in full force and effect until ratified by the Association and adopted by the City Council of the City of Brea. Subject to the foregoing, this Memorandum of Understanding is hereby executed by the authorized representatives of the City and the Association and entered into on the 4th day of April, 2017.

CITY OF BREA

BREA POLICE MANAGEMENT ASSOCIATION

Mayor

John Burks, President

Dated:_____

Dated:_____

Attest: City Clerk

Dated:_____

EXHIBIT A

SALARY TABLES EFFECTIVE JANUARY 14, 2017 – JUNE 30, 2017

<u>JOB CLASS TITLE</u>	(MONTHLY)	
	<u>MINIMUM</u>	<u>MAXIMUM</u>
POLICE CAPTAIN	\$11,405.15	14,601.39
POLICE LIEUTENANT	9,826.86	12,580.80

EXHIBIT B

SALARY TABLES EFFECTIVE JULY 1, 2017 – JANUARY 12, 2018

<u>JOB CLASS TITLE</u>	(MONTHLY)	
	<u>MINIMUM</u>	<u>MAXIMUM</u>
POLICE CAPTAIN	\$11,576.22	14,820.41
POLICE LIEUTENANT	9,974.27	12,769.51

EXHIBIT C

SALARY TABLES EFFECTIVE JANUARY 13, 2018 – JUNE 30, 2018

<u>JOB CLASS TITLE</u>	(MONTHLY)	
	<u>MINIMUM</u>	<u>MAXIMUM</u>
POLICE CAPTAIN	\$11,807.75	15,116.82
POLICE LIEUTENANT	10,173.75	13,024.90

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City of Brea

COUNCIL COMMUNICATION

FROM: City Manager

DATE: 04/04/2017

SUBJECT: February Outgoing Payment Log and March 24 & 31, 2017 City Check Registers - Receive and File.

Attachments

February Outgoing Payment Log

03-24-17 City Check Register

03-31-17 City Check Register

City of Brea
Outgoing Payment Log
February 2017

Effective Date	Vendor	Description	Amount
<u>General Account Electronic payments</u>			
2/3/2017	Citizens Business Bank	Credit card processing fees	4,953.71
2/3/2017	CA SDU	Child support payments	1,132.13
2/3/2017	EDD	Payroll State taxes	49,951.96
2/3/2017	Brea Payroll	Employee deductions	101,311.85
2/3/2017	IRS	Payroll Federal taxes	171,110.14
2/3/2017	Brea Payroll	Brea staff payroll	831,727.32
2/7/2017	CALPERS	Member retirement	392,824.96
2/9/2017	CALPERS	Medical payment	396,210.90
2/16/2017	Paymentus	Monthly service fee - January	3,289.00
2/16/2017	CA SDU	Child support payments	1,477.40
2/17/2017	EDD	Payroll State taxes	51,945.22
2/17/2017	Brea Payroll	Employee deductions	102,249.40
2/17/2017	IRS	Payroll Federal taxes	175,213.24
2/17/2017	Brea Payroll	Brea staff payroll	854,792.82
2/17/2017	IRS	Adjustment to the Form 941 Quarterly Federal Tax Return	13.70
2/17/2017	IRS	Adjustment to the Form 941 Quarterly Federal Tax Return	34.77
2/17/2017	Bank of New York Mellon	Downtown CFD Bonds Debt Service Payment	13,861.50
2/17/2017	Bank of New York Mellon	Olinda Ranch CFD Bonds Debt Service Payment	85,527.38
2/17/2017	Bank of New York Mellon	Brea Plaza CFD Bonds Debt Service Payment	279,677.26
2/17/2017	LAIF	Funds invested	3,000,000.00
2/21/2017	St. Board of Equalization	Self-assessed sales tax payment	2,816.00
2/22/2017	ABF Printing	Centennial merchandise	9,484.03
2/22/2017	Citizens Business Bank	Monthly banking service fee - February	1,776.12
2/27/2017	ILJAO Payroll	ILJAO staff salary & payroll taxes	13,695.31
Subtotal			6,545,076.12
<u>Imprest Accounts</u>			
	Various	Workers Compensation Claims	40,518.66
	Various	General Liability Claims	19,390.50
	Various	Water and Business License refunds	-
Subtotal			59,909.16
			<u>\$ 6,604,985.28</u>

City Check Register for: Mar 24, 2017

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
174529	AT&T LONG DISTANCE	03/24/2017	1737	110141471	807752441 2/3-4/2/17	\$32.02
AT&T LONG DISTANCE					Total Check Amount:	\$32.02
174530	THE BANK OF NEW YORK MELLON	03/24/2017	16062	880141431	FISCAL ADM 2/17-2/18	\$1,855.00
THE BANK OF NEW YORK MELLON					Total Check Amount:	\$1,855.00
174531	BREA/ORANGE COUNTY PLUMBING	03/24/2017	3781	490515151	REPL BACKFLOW:CHLR RM	\$1,183.50
		03/24/2017	3781	490515151	RPL PRES REG:CHLR RM	\$498.48
		03/24/2017	3781	490515151	TST/RPR FEBCO 861@FS1	\$375.00
		03/24/2017	3781	490515151	TST/RPR WLKNS975:PLNG	\$375.00
BREA/ORANGE COUNTY PLUMBING					Total Check Amount:	\$2,431.98
174532	CALIFORNIA FORENSIC PHLEBOTOMY INC.	03/24/2017	4488	110212131	BLOOD TESTS FEB 2017	\$1,668.00
CALIFORNIA FORENSIC PHLEBOTOMY INC.					Total Check Amount:	\$1,668.00
174533	CALIFORNIA YELLOW CAB	03/24/2017	24712	110404525	SR CTR TAXI RIDES FEB	\$212.00
CALIFORNIA YELLOW CAB					Total Check Amount:	\$212.00
174534	CANNINGS ACE HARDWARE	03/24/2017	15828	420515131	PLUMBING SUPPLIES	\$9.09
CANNINGS ACE HARDWARE					Total Check Amount:	\$9.09
174535	CARLOS TERRES	03/24/2017	26724	110404312	DWNPYT:CNTL SCULPTURE	\$22,000.00
CARLOS TERRES					Total Check Amount:	\$22,000.00
174536	JAMES CENNAME	03/24/2017	26747	110000000	DEVT FEE REFUND	\$136.75
JAMES CENNAME					Total Check Amount:	\$136.75
174537	CHICAGO TITLE COMPANY	03/24/2017	24835	280323215	PIRT:NAGLE/SIEVERS AV	\$100.00
CHICAGO TITLE COMPANY					Total Check Amount:	\$100.00
174538	CITY OF BREA - WATER DEPT	03/24/2017	2039	341515112	WATER 1/5-2/6/17	\$132.91
		03/24/2017	2039	343515112	WATER 1/5-2/6/17	\$307.24
		03/24/2017	2039	345515112	WATER 1/5-2/6/17	\$405.73
		03/24/2017	2039	346515112	WATER 1/5-2/6/17	\$1,108.15
		03/24/2017	2039	347515112	WATER 1/5-2/6/17	\$488.87
		03/24/2017	2039	880515113	WATER 1/5-2/6/17	\$35.09
CITY OF BREA - WATER DEPT					Total Check Amount:	\$2,477.99
174539	WILLIAM SAMUEL CLARIDA	03/24/2017	26739	110000000	PD REPORT REQ REFUND	\$3.00
WILLIAM SAMUEL CLARIDA					Total Check Amount:	\$3.00
174540	COCA-COLA REFRESHMENTS	03/24/2017	24973	110404542	THEATRE CONCESSIONS	\$537.24
COCA-COLA REFRESHMENTS					Total Check Amount:	\$537.24
174541	KRIZTY CONTRERAS	03/24/2017	26661	420000000	CLOSED WATER ACCOUNT	\$165.88
KRIZTY CONTRERAS					Total Check Amount:	\$165.88
174542	CORELOGIC	03/24/2017	25542	280323215	REAL EST LISTNG FEB17	\$185.00
CORELOGIC					Total Check Amount:	\$185.00
174543	COSTCO/CAPITAL ONE COMMERCIAL	03/24/2017	5252	110323214	TRACKS@BREA COMM MTG	\$26.98
		03/24/2017	5252	110404211	GATORADE/WATER	\$512.26

City Check Register for: Mar 24, 2017

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
174543	COSTCO/CAPITAL ONE COMMERCIAL	03/24/2017	5252	110404429	ASP SUPPLIES/PLAYGRND	\$581.79
COSTCO/CAPITAL ONE COMMERCIAL					Total Check Amount:	\$1,121.03
174544	COSTCO/CAPITAL ONE COMMERCIAL	03/24/2017	5252	110141441	MAR 2017 MEMB RENEWAL	\$165.00
COSTCO/CAPITAL ONE COMMERCIAL					Total Check Amount:	\$165.00
174545	COUNTY OF ORANGE	03/24/2017	4799	110212131	ANIMAL CARE OCT-DEC16	\$36,734.00
COUNTY OF ORANGE					Total Check Amount:	\$36,734.00
174546	COUNTY OF ORANGE	03/24/2017	4799	110212122	FINGERPRINT ID MAR17	\$1,185.67
COUNTY OF ORANGE					Total Check Amount:	\$1,185.67
174547	CSULB FOUNDATION	03/24/2017	10182	110212111	HAEFNER:MH DEC MAKING	\$146.00
CSULB FOUNDATION					Total Check Amount:	\$146.00
174548	CUES, INC.	03/24/2017	23877	430515123	SEWER INSP SFTWR SUPP	\$1,800.00
CUES, INC.					Total Check Amount:	\$1,800.00
174549	CYBERSOURCE CORPORATION	03/24/2017	25266	110404542	BOX OFF CC PROC FEB17	\$20.00
CYBERSOURCE CORPORATION					Total Check Amount:	\$20.00
174550	DEPARTMENT OF JUSTICE	03/24/2017	13406	110141481	FINGERPRINT FBI FEB17	\$68.00
		03/24/2017	13406	110141481	FINGERPRNT APPS FEB17	\$96.00
DEPARTMENT OF JUSTICE					Total Check Amount:	\$164.00
174551	JANE AND JIM DOYLE	03/24/2017	26740	110000000	DEVT FEE REFUND	\$538.50
JANE AND JIM DOYLE					Total Check Amount:	\$538.50
174552	EDISON CO	03/24/2017	3343	110515121	ELECTRICITY FEB-MAR17	\$13,921.75
		03/24/2017	3343	110515141	ELECTRICITY FEB-MAR17	\$2,432.17
		03/24/2017	3343	110515143	ELECTRICITY FEB-MAR17	\$786.60
		03/24/2017	3343	110515144	ELECTRICITY FEB-MAR17	\$1,902.63
		03/24/2017	3343	341515112	ELECTRICITY FEB-MAR17	\$172.17
		03/24/2017	3343	343515112	ELECTRICITY FEB-MAR17	\$101.43
		03/24/2017	3343	345515112	ELECTRICITY FEB-MAR17	\$95.60
		03/24/2017	3343	346515112	ELECTRICITY FEB-MAR17	\$204.43
		03/24/2017	3343	360515145	ELECTRICITY FEB-MAR17	\$841.42
		03/24/2017	3343	420515131	ELECTRICITY FEB-MAR17	\$3,009.64
		03/24/2017	3343	430515123	ELECTRICITY FEB-MAR17	\$30.37
		03/24/2017	3343	490515151	ELECTRICITY FEB/MAR17	\$6,525.53
		03/24/2017	3343	490515151	ELECTRICITY FEB-MAR17	\$21,317.02
		03/24/2017	3343	510707285	ELECTRICITY FEB-MAR17	\$83.31
		03/24/2017	3343	880515113	ELECTRICITY FEB-MAR17	\$24.13
EDISON CO					Total Check Amount:	\$51,448.20
174553	EDISON CO	03/24/2017	3343	110515121	REBLL:8/27/13-8/26/16	\$603.94
EDISON CO					Total Check Amount:	\$603.94
174554	FRANCHISE TAX BOARD	03/24/2017	13287	110	CD 9120-02824 3/17/17	\$182.85
FRANCHISE TAX BOARD					Total Check Amount:	\$182.85

City Check Register for: Mar 24, 2017

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
174555	FRONTIER COMMUNICATIONS	03/24/2017	26183	420515131	562 1821083 3/7-4/6	\$67.20
FRONTIER COMMUNICATIONS					Total Check Amount:	\$67.20
174556	THE GAS COMPANY	03/24/2017	3749	490515151	GAS FEB/MAR 2017	\$2,274.09
THE GAS COMPANY					Total Check Amount:	\$2,274.09
174557	HACH COMPANY	03/24/2017	5749	420515131	CHEMICALS	\$300.48
HACH COMPANY					Total Check Amount:	\$300.48
174558	CECELIA HERRERA	03/24/2017	26723	110000000	PD REPORT RQST REFUND	\$3.00
CECELIA HERRERA					Total Check Amount:	\$3.00
174559	IMPERIAL BUILDING MATERIALS	03/24/2017	18557	110515121	BLOCK WALL MATERIAL	\$297.34
		03/24/2017	18557	110515121	SPEC MIX:BLOCK WALL	\$18.23
IMPERIAL BUILDING MATERIALS					Total Check Amount:	\$315.57
174560	IN TIME SERVICES INC	03/24/2017	20876	950000000	ILJAO ISE APR-JUN17	\$51,525.00
IN TIME SERVICES INC					Total Check Amount:	\$51,525.00
174561	INFANTE MEDIA	03/24/2017	24628	110	FORUM:PAYOUT #1	\$5,115.74
INFANTE MEDIA					Total Check Amount:	\$5,115.74
174562	INTELLI-TECH	03/24/2017	8774	110404211	HP ELITEDESK 800 G3	\$2,809.04
INTELLI-TECH					Total Check Amount:	\$2,809.04
174563	JAMISON ENGINEERING CONTRACTORS,INC	03/24/2017	15812	430515123	SEWER LIFT STN EVAL	\$619.00
JAMISON ENGINEERING CONTRACTORS,INC					Total Check Amount:	\$619.00
174564	THE JASON WOMACK COMPANY	03/24/2017	26741	110141481	03/16/17 WORKSHOP	\$3,000.00
		03/24/2017	26741	110141481	GET MOMENTUM BOOKS	\$1,800.00
THE JASON WOMACK COMPANY					Total Check Amount:	\$4,800.00
174565	LIFE-ASSIST, INC.	03/24/2017	10530	110	TAX ON TOWELETES	(\$1.90)
		03/24/2017	10530	110212131	TOWELETES (2000)	\$409.45
		03/24/2017	10530	110222222	PARAMEDIC SUPPLIES	\$1,780.90
LIFE-ASSIST, INC.					Total Check Amount:	\$2,188.45
174566	ALLIE LINCOLN	03/24/2017	26693	110	REFUND:CANCLD CLASS	\$70.00
ALLIE LINCOLN					Total Check Amount:	\$70.00
174567	MAGIC TOUCH	03/24/2017	26745	110404312	CNTNL PICNIC UNIFORMS	\$1,090.18
MAGIC TOUCH					Total Check Amount:	\$1,090.18
174569	OFFICE DEPOT, INC	03/24/2017	4743	110111111	OFFICE SUPPLIES	\$22.80
		03/24/2017	4743	110111161	OFFICE SUPPLIES	\$94.47
		03/24/2017	4743	110141411	OFFICE SUPPLIES	\$35.53
		03/24/2017	4743	110141471	OFFICE SUPPLIES	\$25.41
		03/24/2017	4743	110141481	OFFICE SUPPLIES	\$31.86
		03/24/2017	4743	110212111	COFFEE	\$19.49
		03/24/2017	4743	110212111	OFFICE SUPPLIES	\$68.94
		03/24/2017	4743	110212121	OFFICE SUPPLIES	\$3.37

City Check Register for: Mar 24, 2017

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
174569	OFFICE DEPOT, INC	03/24/2017	4743	110212131	OFFICE SUPPLIES	\$69.15
		03/24/2017	4743	110222211	OFFICE SUPPLIES	\$157.62
		03/24/2017	4743	110323212	OFFICE SUPPLIES	\$106.68
		03/24/2017	4743	110404311	OFFICE SUPPLIES	\$148.21
		03/24/2017	4743	110404312	OFFICE SUPPLIES	\$25.31
		03/24/2017	4743	110404521	OFFICE SUPPLIES	\$119.76
		03/24/2017	4743	420141421	OFFICE SUPPLIES	\$21.34
OFFICE DEPOT, INC					Total Check Amount:	\$949.94
174570	ORANGE COUNTY SHERIFF'S DEPT	03/24/2017	6542	110212111	HARVEY:FLD TRNG OFFCR	\$55.00
ORANGE COUNTY SHERIFF'S DEPT					Total Check Amount:	\$55.00
174571	ALBERT RIOS	03/24/2017	21738	110000000	OVRNT PRMT FEE REFUND	\$41.00
ALBERT RIOS					Total Check Amount:	\$41.00
174572	RTKL ASSOCIATES INC.	03/24/2017	6719	110000000	BREA IMPROV THR 11/30	\$2,280.00
RTKL ASSOCIATES INC.					Total Check Amount:	\$2,280.00
174573	SADDLEBACK COLLEGE FOUNDATION	03/24/2017	1097	110222222	COLEMAN:'SKILLS' EXAM	\$155.00
SADDLEBACK COLLEGE FOUNDATION					Total Check Amount:	\$155.00
174574	SAM'S CLUB DIRECT	03/24/2017	10123	110141441	17/18 MEMB 484094974	\$50.00
		03/24/2017	10123	110141441	COFFEE SUPPLIES	\$149.46
SAM'S CLUB DIRECT					Total Check Amount:	\$199.46
174575	SPARKLETTS	03/24/2017	3001	490515151	030317 DRNKNG FTN WTR	\$15.58
SPARKLETTS					Total Check Amount:	\$15.58
174576	ST. JUDE MEDICAL CENTER	03/24/2017	3503	110000000	DUPL PYMT B16228013	\$100.00
ST. JUDE MEDICAL CENTER					Total Check Amount:	\$100.00
174577	SWANK MOTION PICTURES, INC.	03/24/2017	10080	110404421	FAMILY FILMS (SUMMER)	\$1,638.00
SWANK MOTION PICTURES, INC.					Total Check Amount:	\$1,638.00
174578	TOWNSEND PUBLIC AFFAIRS, INC.	03/24/2017	18881	110141413	CONSULTING SVCS FEB17	\$1,250.00
		03/24/2017	18881	410141413	CONSULTING SVCS FEB17	\$1,250.00
		03/24/2017	18881	420141413	CONSULTING SVCS FEB17	\$1,250.00
		03/24/2017	18881	430141413	CONSULTING SVCS FEB17	\$1,250.00
TOWNSEND PUBLIC AFFAIRS, INC.					Total Check Amount:	\$5,000.00
174579	VERIZON WIRELESS	03/24/2017	21122	110212121	9781415698 2/4-3/3	\$53.66
VERIZON WIRELESS					Total Check Amount:	\$53.66
174580	VERIZON WIRELESS	03/24/2017	21122	110515141	9781065707 1/27-2/26	(\$30.64)
		03/24/2017	21122	110515171	9781065707 1/27-2/26	\$157.99
		03/24/2017	21122	420515131	9781065707 1/27-2/26	\$1,007.75
		03/24/2017	21122	430515123	9781065707 1/27-2/26	\$855.59
VERIZON WIRELESS					Total Check Amount:	\$1,990.69
174581	VERIZON WIRELESS	03/24/2017	21122	420515131	9781072991 1/27-2/26	\$38.03
VERIZON WIRELESS					Total Check Amount:	\$38.03

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Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
174582	YORBA REGIONAL ANIMAL HOSPITAL	03/24/2017	18528	110212131	CHIEF (MOROUSE):BOARD	\$84.00
		03/24/2017	18528	110212131	PAIGE (ODEN) DEC16	\$123.52
YORBA REGIONAL ANIMAL HOSPITAL					Total Check Amount:	\$207.52
Check Subtotal						\$209,824.77
V23812	ADLERHORST INT'L INC	03/24/2017	2223	110212131	JARVIS:TRNG MAR17	\$350.00
ADLERHORST INT'L INC					Total Check Amount:	\$350.00
V23813	ADMINISTRATIVE & PROF	03/24/2017	3344	110	DED:4010 APEA DUES	\$528.00
ADMINISTRATIVE & PROF					Total Check Amount:	\$528.00
V23814	BPSEA MEMORIAL FOUNDATION	03/24/2017	14990	110	DED:4050 MEMORIAL	\$239.50
BPSEA MEMORIAL FOUNDATION					Total Check Amount:	\$239.50
V23815	BREA CITY EMPLOYEES ASSOCIATION	03/24/2017	3236	110	DED:4005 BCEA DUES	\$552.00
BREA CITY EMPLOYEES ASSOCIATION					Total Check Amount:	\$552.00
V23816	BREA FIREFIGHTERS ASSOCIATION	03/24/2017	3237	110	DED:4015 ASSOCAFLAC	\$18.34
		03/24/2017	3237	110	DED:4016 ASSOC DUES	\$2,001.00
BREA FIREFIGHTERS ASSOCIATION					Total Check Amount:	\$2,019.34
V23817	BREA POLICE ASSOCIATION	03/24/2017	3769	110	DED:4030 BPA REG	\$3,600.00
BREA POLICE ASSOCIATION					Total Check Amount:	\$3,600.00
V23818	BREA POLICE ATHLETIC LEAGUE	03/24/2017	1068	110	DED:5010 B.P.A.L.	\$127.50
BREA POLICE ATHLETIC LEAGUE					Total Check Amount:	\$127.50
V23819	BREA POLICE MANAGEMENT ASSOCIATION	03/24/2017	21189	110	DED:4019 LDF DUES	\$14.50
		03/24/2017	21189	110	DED:4020 ASSOC DUES	\$227.50
BREA POLICE MANAGEMENT ASSOCIATION					Total Check Amount:	\$242.00
V23820	BUCKNAM INFRASTRUCTURE GROUP, INC	03/24/2017	23775	110515121	PMP UPDATE	\$5,632.15
BUCKNAM INFRASTRUCTURE GROUP, INC					Total Check Amount:	\$5,632.15
V23821	C.WELLS PIPELINE MATERIALS INC	03/24/2017	13055	420515131	PLUMBING SUPPLIES	\$7,265.61
C.WELLS PIPELINE MATERIALS INC					Total Check Amount:	\$7,265.61
V23822	CANON SOLUTIONS AMERICA, INC	03/24/2017	15260	110141441	PROP EVD COPIER MAR17	\$600.00
		03/24/2017	15260	110141441	PROP EVDNCE USG MAR17	\$245.06
CANON SOLUTIONS AMERICA, INC					Total Check Amount:	\$845.06
V23823	CLARK SECURITY PRODUCTS, INC.	03/24/2017	20003	490515151	LOCK PARTS @ FS	\$52.93
CLARK SECURITY PRODUCTS, INC.					Total Check Amount:	\$52.93
V23824	KIMBERLY COLTEY	03/24/2017	26743	110404215	U-JAM CLASS INSTR BCC	\$23.00
KIMBERLY COLTEY					Total Check Amount:	\$23.00
V23825	COMPUTER PROTECTION TECHNOLOGY	03/24/2017	17263	110141471	MITSUBISHI UPS/BATT	\$36,214.95
		03/24/2017	17263	110515125	INVERTER DISPLAY REPR	\$3,155.78
COMPUTER PROTECTION TECHNOLOGY					Total Check Amount:	\$39,370.73
V23826	DE LAGE LANDEN FINANCIAL SERVICES	03/24/2017	23311	110141441	FIRE STN #3 FEB17	\$161.20
DE LAGE LANDEN FINANCIAL SERVICES					Total Check Amount:	\$161.20

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V23827	DISPLAY APPEAL	03/24/2017	2287	110212132	VEHICLE # DECALS	\$32.33
DISPLAY APPEAL						Total Check Amount: \$32.33
V23828	DOG DEALERS, INC	03/24/2017	3573	110404145	DOG OBEDIENCE TRNG	\$49.00
DOG DEALERS, INC						Total Check Amount: \$49.00
V23829	EXTERMINETICS OF SO CALIF INC	03/24/2017	3298	110515125	PEST CNTL:DT PKG STRS	\$240.00
		03/24/2017	3298	490515151	PEST CNTL:CCC PKG LOT	\$60.00
		03/24/2017	3298	490515151	PEST CNTL:CURTIS THTR	\$60.00
		03/24/2017	3298	490515151	PEST CNTL:OLD CT HALL	\$60.00
		03/24/2017	3298	490515151	PEST CNTRL @ OLD JAIL BLD	\$50.00
EXTERMINETICS OF SO CALIF INC						Total Check Amount: \$470.00
V23830	FLEET SERVICES	03/24/2017	5658	480515161	DRAIN VALVE	\$63.79
FLEET SERVICES						Total Check Amount: \$63.79
V23831	GLASBY MAINTENANCE SUPPLY CO	03/24/2017	6802	490515151	TP DISPNSR/CART @YARD	\$82.21
GLASBY MAINTENANCE SUPPLY CO						Total Check Amount: \$82.21
V23832	DON GOLDEN	03/24/2017	10729	110323242	INSP SVCS 3/3-3/17/17	\$10,248.00
DON GOLDEN						Total Check Amount: \$10,248.00
V23833	HARRIS & ASSOCIATES	03/24/2017	7839	110515141	MD SPEC BENEFTS STUDY	\$7,000.00
HARRIS & ASSOCIATES						Total Check Amount: \$7,000.00
V23834	CHRISTOPHER HARVEY	03/24/2017	10364	110212111	HARVEY:MH DEC MAKING	\$17.28
CHRISTOPHER HARVEY						Total Check Amount: \$17.28
V23835	INFOSEND, INC.	03/24/2017	19016	110111151	CALENDAR/CITY SVC HRS	\$111.22
		03/24/2017	19016	110404312	CENTENNIAL COUNTDOWN	\$55.61
		03/24/2017	19016	110404542	MONGORAMA/CHRLTS WEB	\$55.61
		03/24/2017	19016	420141421	WATER:JAN17 POSTAGE	\$4,193.02
		03/24/2017	19016	420141421	WATER:JAN17 PRNT/MAIL	\$1,526.71
INFOSEND, INC.						Total Check Amount: \$5,942.17
V23836	SOPHIA LARSEN	03/24/2017	26688	110212111	LARSEN:MILEAGE FEB17	\$59.92
		03/24/2017	26688	110212111	LARSEN:SOC MED CONF	\$550.18
SOPHIA LARSEN						Total Check Amount: \$610.10
V23837	LONG BEACH BMW	03/24/2017	18120	110212132	E PADILLA:BOOTS	\$326.50
		03/24/2017	18120	110212132	J COVER:BOOTS	\$326.51
LONG BEACH BMW						Total Check Amount: \$653.01
V23838	SUSAN MARTIN	03/24/2017	23655	110404524	COUNSELNG SUPVN FEB17	\$1,680.00
SUSAN MARTIN						Total Check Amount: \$1,680.00
V23839	WILLIAM MONTALVO	03/24/2017	12387	110212111	MONTALVO:FLD TRNG OFF	\$24.00
WILLIAM MONTALVO						Total Check Amount: \$24.00
V23840	MUELLER COMPANY	03/24/2017	18067	420	S/TAX ON METERS (25)	(\$189.88)
		03/24/2017	18067	420515131	METERS (25)	\$2,639.88

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MUELLER COMPANY					Total Check Amount:	\$2,450.00
V23841	MUNISERVICES, LLC	03/24/2017	10627	110000000	STARS REPORT Q3 2016	\$1,250.00
MUNISERVICES, LLC					Total Check Amount:	\$1,250.00
V23842	ANTHONY NGUYEN	03/24/2017	25978	110212111	NGUYEN:TRFC COLL INV	\$47.19
ANTHONY NGUYEN					Total Check Amount:	\$47.19
V23843	NTH GENERATION COMPUTING, INC.	03/24/2017	21379	110212141	HPE SERVERS:NASPO VP	\$24,623.37
NTH GENERATION COMPUTING, INC.					Total Check Amount:	\$24,623.37
V23844	ORANGE COUNTY UNITED WAY	03/24/2017	3451	110	DED:5005 UNITED WAY	\$47.40
ORANGE COUNTY UNITED WAY					Total Check Amount:	\$47.40
V23845	PAVECO CONSTRUCTION, INC.	03/24/2017	23586	510707933	BJHS PRKG LOT REPAIRS	\$23,855.98
PAVECO CONSTRUCTION, INC.					Total Check Amount:	\$23,855.98
V23846	RICHARDS, WATSON & GERSHON	03/24/2017	8978	110111112	159 NOCCC JPA JAN17	\$150.50
RICHARDS, WATSON & GERSHON					Total Check Amount:	\$150.50
V23847	CARL ROWE	03/24/2017	23677	110404542	TUNING:ACROSONIC SPNT	\$120.00
CARL ROWE					Total Check Amount:	\$120.00
V23848	BRANDON SCHMIDT	03/24/2017	26748	110212111	SCHMIDT:EVOC TRNG	\$200.00
BRANDON SCHMIDT					Total Check Amount:	\$200.00
V23849	SITEONE LANDSCAPE SUPPLY, LLC	03/24/2017	25942	110515125	DWNTWN IRRIG PARTS	\$79.44
		03/24/2017	25942	110515141	TREE STAKES AND TIES	\$200.52
SITEONE LANDSCAPE SUPPLY, LLC					Total Check Amount:	\$279.96
V23850	SMART & FINAL	03/24/2017	3269	110404521	FRIDAY LUNCH	\$72.29
		03/24/2017	3269	110404521	FRIDAY LUNCH 3/3/17	\$32.32
		03/24/2017	3269	110404521	FRIDAY LUNCH SUPPLIES	\$33.60
		03/24/2017	3269	110404521	FRIDAY LUNCH:BACK-UP	\$9.99
SMART & FINAL					Total Check Amount:	\$148.20
V23851	DONNA SMITH	03/24/2017	26136	110404145	WEST COAST SWNG INSTR	\$100.00
DONNA SMITH					Total Check Amount:	\$100.00
V23852	SNAP-ON INDUSTRIAL	03/24/2017	17125	420515131	TOOLS	\$144.25
SNAP-ON INDUSTRIAL					Total Check Amount:	\$144.25
V23853	WHITNEY SOLENBERGER	03/24/2017	26744	110404215	YOGA CLASS INSTR BCC	\$23.00
WHITNEY SOLENBERGER					Total Check Amount:	\$23.00
V23854	SPECTRUM GAS PRODUCTS, INC.	03/24/2017	16060	110222222	OXYGEN	\$37.30
SPECTRUM GAS PRODUCTS, INC.					Total Check Amount:	\$37.30
V23855	STAPLES TECHNOLOGY SOLUTIONS	03/24/2017	22888	110404311	TONERS (4)	\$471.02
STAPLES TECHNOLOGY SOLUTIONS					Total Check Amount:	\$471.02
V23856	SUNGARD PUBLIC SECTOR INC.	03/24/2017	11177	110141471	ASP BACKUP SVC APR17	\$1,730.88
SUNGARD PUBLIC SECTOR INC.					Total Check Amount:	\$1,730.88
V23857	THOMSON REUTERS - WEST	03/24/2017	22020	110212121	WEST INFO CHGS FEB17	\$344.18
THOMSON REUTERS - WEST					Total Check Amount:	\$344.18

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Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V23858	TITAN WATER TECHNOLOGY, INC.	03/24/2017	25776	490515151	MAR17 WATER TREATMENT	\$415.00
TITAN WATER TECHNOLOGY, INC.					Total Check Amount:	\$415.00
V23859	TOTAL ADMINISTRATIVE SERVICE CORP.	03/24/2017	26017	110	DED:808B FSA DEPCAR	\$1,652.49
		03/24/2017	26017	110	DED:808C FSA UR MED	\$4,746.00
TOTAL ADMINISTRATIVE SERVICE CORP.					Total Check Amount:	\$6,398.49
V23860	TROPICAL PLAZA NURSERY, INC	03/24/2017	2062	420515131	CITY RESERVOIRS FEB17	\$1,250.00
TROPICAL PLAZA NURSERY, INC					Total Check Amount:	\$1,250.00
V23861	UNDERGROUND SERVICE ALERT/SC	03/24/2017	4537	420515131	UNDRGRND TICKTS FEB17	\$120.00
UNDERGROUND SERVICE ALERT/SC					Total Check Amount:	\$120.00
V23862	VERITIV OPERATING COMPANY	03/24/2017	26025	110141441	PAPER	\$2,250.28
VERITIV OPERATING COMPANY					Total Check Amount:	\$2,250.28
V23863	VISTA PAINT CORPORATION	03/24/2017	4573	420515131	PAINT	\$351.05
VISTA PAINT CORPORATION					Total Check Amount:	\$351.05
V23864	WEST COAST SAND & GRAVEL, INC.	03/24/2017	11519	420515131	BASE	\$549.03
		03/24/2017	11519	420515131	SAND	\$369.80
WEST COAST SAND & GRAVEL, INC.					Total Check Amount:	\$918.83
V23865	ZOLL MEDICAL CORPORATION	03/24/2017	23538	110222222	12-LEAD ECG CABLES	\$763.68
		03/24/2017	23538	110222222	AIRWAY ADAPTER	\$335.37
ZOLL MEDICAL CORPORATION					Total Check Amount:	\$1,099.05
Voucher Subtotal						\$156,706.84
TOTAL						\$366,531.61

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174583	BROWNSTEIN HYATT FARBER SCHRECK LLP	03/31/2017	26566	420141421	PROF SVCS JAN 2017	\$1,908.04
BROWNSTEIN HYATT FARBER SCHRECK LLP					Total Check Amount:	\$1,908.04
174584	CALIFORNIA NEWSPAPER PARTNERSHIP	03/31/2017	26287	110000000	LEGAL NOTICE	\$147.00
CALIFORNIA NEWSPAPER PARTNERSHIP					Total Check Amount:	\$147.00
174585	CANNINGS ACE HARDWARE	03/31/2017	15828	480515161	SHOP SUPPLIES	\$18.39
CANNINGS ACE HARDWARE					Total Check Amount:	\$18.39
174586	CITY OF DOWNEY	03/31/2017	26762	110212111	SCHMIDT:EVOC(LODGING)	\$252.45
CITY OF DOWNEY					Total Check Amount:	\$252.45
174587	CITY OF IRVINE	03/31/2017	17907	110111161	LUNCH MTG:HARRIS-NEAL	\$15.00
		03/31/2017	17907	110111161	LUNCH MTG:O'LEARY	\$15.00
CITY OF IRVINE					Total Check Amount:	\$30.00
174588	CLIMATEC	03/31/2017	23618	490515151	ALERTON TECHSUPP 0317	\$438.57
CLIMATEC					Total Check Amount:	\$438.57
174589	COSTCO MEMBERSHIP	03/31/2017	14520	110141441	MAR 2017 MEMB RENEWAL	\$165.00
COSTCO MEMBERSHIP					Total Check Amount:	\$165.00
174590	COSTCO/CAPITAL ONE COMMERCIAL	03/31/2017	5252	110111161	CNCL MTG HOLDY DECOR	\$88.04
COSTCO/CAPITAL ONE COMMERCIAL					Total Check Amount:	\$88.04
174591	COUNTY OF ORANGE	03/31/2017	4799	172212133	COMM CHGS BR0 JAN-MAR	\$21,270.00
COUNTY OF ORANGE					Total Check Amount:	\$21,270.00
174592	CREATE A PARTY RENTALS	03/31/2017	7113	110404312	CNTNL BDAY EVNT RNTLS	\$970.47
CREATE A PARTY RENTALS					Total Check Amount:	\$970.47
174593	CRITERION PICTURES USA, INC.	03/31/2017	26149	110404421	FAM FILMS-HOME 7/7/17	\$300.00
		03/31/2017	26149	110404421	FAM FILMS-TROLLS 6/30	\$325.00
		03/31/2017	26149	110404421	FAMFILM HOME POSTRS-3	\$15.00
		03/31/2017	26149	110404421	FAMFILM-TROLL POSTR-3	\$15.00
CRITERION PICTURES USA, INC.					Total Check Amount:	\$655.00
174594	CSG CONSULTANTS	03/31/2017	25540	110000000	BLDG PLN REVIEW FEB17	\$340.00
CSG CONSULTANTS					Total Check Amount:	\$340.00
174595	EDISON CO	03/31/2017	3343	110515121	ELECTRICITY FEB-MAR17	\$1,481.04
EDISON CO					Total Check Amount:	\$1,481.04
174596	EXECUTIVE ENVELOPE INCORPORATED	03/31/2017	1880	110141441	REG ENVELOPE (20 CS)	\$598.01
		03/31/2017	1880	110141441	WNDW ENV#10 (40 CS)	\$1,303.78
EXECUTIVE ENVELOPE INCORPORATED					Total Check Amount:	\$1,901.79
174597	FRONTIER COMMUNICATIONS	03/31/2017	26183	110141471	562 1820146 3/16-4/15	\$44.14
FRONTIER COMMUNICATIONS					Total Check Amount:	\$44.14
174598	THE GAS COMPANY	03/31/2017	3749	490515151	GAS FEB/MAR 2017	\$1,137.11
THE GAS COMPANY					Total Check Amount:	\$1,137.11
174599	GIBSON TRANSPORTATION CONSULTING	03/31/2017	22903	110000000	BREA PL PKG STUDY JAN	\$4,731.25

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GIBSON TRANSPORTATION CONSULTING					Total Check Amount:	\$4,731.25
174600	INTELLI-TECH	03/31/2017	8774	110141471	HP ELITE MONITRS (44)	\$1,522.76
		03/31/2017	8774	110141481	HP ELITE MONITRS (44)	\$253.83
		03/31/2017	8774	110212111	HP ELITE MONITRS (44)	\$507.66
		03/31/2017	8774	110222211	HP ELITE MONITRS (44)	\$507.66
		03/31/2017	8774	110323214	HP ELITE MONITRS (44)	\$1,015.32
		03/31/2017	8774	110323231	HP ELITE MONITRS (44)	\$1,269.15
		03/31/2017	8774	110323243	HP ELITE MONITRS (44)	\$253.83
		03/31/2017	8774	110404311	HP ELITE MONITRS (44)	\$1,015.32
		03/31/2017	8774	110515141	HP ELITE MONITRS (44)	\$507.66
		03/31/2017	8774	110515171	HP ELITE MONITRS (44)	\$1,015.32
		03/31/2017	8774	420515131	HP ELITE MONITRS (44)	\$2,538.30
		03/31/2017	8774	480515161	HP ELITE MONITRS (44)	\$253.83
		03/31/2017	8774	490515151	HP ELITE MONITRS (44)	\$507.66
INTELLI-TECH					Total Check Amount:	\$11,168.30
174601	JOHNSTONE SUPPLY	03/31/2017	4788	420515131	FUJITSU HEAT PUMP	\$3,054.60
JOHNSTONE SUPPLY					Total Check Amount:	\$3,054.60
174602	LISKA CONSTRUCTORS	03/31/2017	26746	420515131	RESERVOIR REPAIR	\$1,885.00
LISKA CONSTRUCTORS					Total Check Amount:	\$1,885.00
174603	LUCAS BUILDERS, INC.	03/31/2017	26671	510707873	TRACKS S2/S3 RESTROOM	\$91,841.25
LUCAS BUILDERS, INC.					Total Check Amount:	\$91,841.25
174604	MARLOW WHITE	03/31/2017	26665	110	S/TAX ON UNIFORMS	(\$95.78)
		03/31/2017	26665	110212131	PD HONOR GRD UNIFORMS	\$1,373.68
MARLOW WHITE					Total Check Amount:	\$1,277.90
174605	MOTOROLA SOLUTIONS, INC.	03/31/2017	22012	172222221	ENCRYPTION SOFTWARE	\$15,486.31
MOTOROLA SOLUTIONS, INC.					Total Check Amount:	\$15,486.31
174606	NBS GOVERNMENT FINANCE GROUP	03/31/2017	26031	110222231	COST ALLOC PLAN-FEB17	\$122.50
		03/31/2017	26031	110222231	USER FEE STUDY FEB17	\$1,106.87
		03/31/2017	26031	110222231	USRFFEE/RATE/CAP FEB17	\$522.50
		03/31/2017	26031	110323231	COST ALLOC PLAN-FEB17	\$122.50
		03/31/2017	26031	110323231	USER FEE STUDY FEB17	\$1,106.88
		03/31/2017	26031	110323231	USRFFEE/RATE/CAP FEB17	\$522.50
		03/31/2017	26031	110323241	COST ALLOC PLAN-FEB17	\$122.50
		03/31/2017	26031	110323241	USER FEE STUDY FEB17	\$1,106.88
		03/31/2017	26031	110323241	USRFFEE/RATE/CAP FEB17	\$522.50
		03/31/2017	26031	110515171	COST ALLOC PLAN-FEB17	\$122.50
		03/31/2017	26031	110515171	USER FEE STUDY FEB17	\$1,106.87
		03/31/2017	26031	110515171	USRFFEE/RATE/CAP FEB17	\$522.50

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Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
NBS GOVERNMENT FINANCE GROUP					Total Check Amount:	\$7,007.50
174607	NDS, LLC (NORCO DELIVERY SERVICES)	03/31/2017	25312	110141441	MO. STOP CHARGE MAR17	\$235.40
		03/31/2017	25312	110141441	PRESORT POSTAGE MAR17	\$164.00
NDS, LLC (NORCO DELIVERY SERVICES)					Total Check Amount:	\$399.40
174608	OFFICE DEPOT, INC	03/31/2017	4743	110111152	OFFICE SUPPLIES	\$212.18
		03/31/2017	4743	110141481	OFFICE SUPPLIES	\$68.69
		03/31/2017	4743	110404311	OFFICE SUPPLIES	\$133.06
OFFICE DEPOT, INC					Total Check Amount:	\$413.93
174609	ORANGE COUNTY SHERIFF'S DEPT	03/31/2017	6542	110212111	HUNZIKER:FLD TRNG OFF	\$80.00
ORANGE COUNTY SHERIFF'S DEPT					Total Check Amount:	\$80.00
174610	PARACLETE FIRE AND SAFETY, INC.	03/31/2017	17760	110222223	FIRE EXT SVC F/STN #1	\$65.44
		03/31/2017	17760	110222223	FIRE EXT SVC F/STN #3	\$356.58
PARACLETE FIRE AND SAFETY, INC.					Total Check Amount:	\$422.02
174611	PLACEWORKS, INC.	03/31/2017	26720	110323231	02.0 DT CORE PH 1 FEB	\$1,082.50
PLACEWORKS, INC.					Total Check Amount:	\$1,082.50
174612	PLUMBING WHOLESALE OUTLET, INC.	03/31/2017	18392	490515151	REPLACE DRAIN:P-2 CCC	\$113.34
PLUMBING WHOLESALE OUTLET, INC.					Total Check Amount:	\$113.34
174613	SCHORR METALS, INC.	03/31/2017	3389	490515151	DOOR KICK PLATES @ PH	\$299.64
SCHORR METALS, INC.					Total Check Amount:	\$299.64
174614	SMOG PUMPS UNLIMITED INC.	03/31/2017	15093	480515161	STARTER MOTOR	\$216.41
SMOG PUMPS UNLIMITED INC.					Total Check Amount:	\$216.41
174615	SOUTHWEST SCHOOL & OFFICE SUPPLY	03/31/2017	25945	110141441	PAPER (48 CS)	\$1,442.99
		03/31/2017	25945	490515151	LINERS/SOAP	\$182.47
SOUTHWEST SCHOOL & OFFICE SUPPLY					Total Check Amount:	\$1,625.46
174616	SPARKLETTS	03/31/2017	3001	110141441	5GAL WTR BOTTLS FEB17	\$405.90
		03/31/2017	3001	110141441	RENTAL FEB 2017	\$94.64
SPARKLETTS					Total Check Amount:	\$500.54
174617	SPRINT	03/31/2017	15443	110141471	INV #112 2/15-3/14	\$1,031.39
SPRINT					Total Check Amount:	\$1,031.39
174618	SPRINT	03/31/2017	15443	110212121	INV #112 2/15-3/14	\$218.94
SPRINT					Total Check Amount:	\$218.94
174619	GEORGE TAUNTON	03/31/2017	13410	110000000	DEVT FEE REFUND	\$6,036.49
GEORGE TAUNTON					Total Check Amount:	\$6,036.49
174620	TIFCO INDUSTRIES	03/31/2017	8995	480515161	WASHRS/ SCRWS/HEXNUTS	\$223.75
TIFCO INDUSTRIES					Total Check Amount:	\$223.75
174621	TIME WARNER CABLE	03/31/2017	19304	110141471	#8118 3/1-3/29	\$3,059.66
TIME WARNER CABLE					Total Check Amount:	\$3,059.66
174622	TWELVE STONES	03/31/2017	26763	110404312	CNTNL PHOTOGRAPHY	\$660.00
TWELVE STONES					Total Check Amount:	\$660.00

City Check Register for: Mar 31, 2017

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
174623	UNITED PARCEL SERVICE	03/31/2017	3174	110141441	SHIPPING CHGS FEB/MAR	\$88.43
UNITED PARCEL SERVICE					Total Check Amount:	\$88.43
174624	UNITED STATES POSTAL SERVICE	03/31/2017	19260	110141441	USPS PERMIT 8056 RNWL	\$225.00
UNITED STATES POSTAL SERVICE					Total Check Amount:	\$225.00
174625	TERRI WESTERGREN	03/31/2017	25602	110404521	ZUMBA GOLD SR CTR-FEB	\$120.00
TERRI WESTERGREN					Total Check Amount:	\$120.00
174626	WEST-LITE SUPPLY CO., INC.	03/31/2017	5192	490515151	LIGHTING	\$387.92
WEST-LITE SUPPLY CO., INC.					Total Check Amount:	\$387.92
174627	WOODRUFF, SPRADLIN & SMART	03/31/2017	24094	950000000	ILJAOC COUNSEL FEB17	\$3,450.00
WOODRUFF, SPRADLIN & SMART					Total Check Amount:	\$3,450.00
Check Subtotal						\$187,953.97
V23866	AEGIS ITS, INC	03/31/2017	23067	110515121	EXTRAORD SGNL MNT FEB	\$5,287.00
		03/31/2017	23067	110515121	MO. SIGNAL MNT FEB17	\$2,838.00
		03/31/2017	23067	110515121	TO CORRECT V23216	(\$4,650.00)
		03/31/2017	23067	510707219	CRBN CYN/STAFE SIGNAL	\$4,625.00
AEGIS ITS, INC					Total Check Amount:	\$8,100.00
V23867	AKAL CONSULTANTS	03/31/2017	19771	510707251	57/LAMBRT 10/20-12/31	\$3,420.00
AKAL CONSULTANTS					Total Check Amount:	\$3,420.00
V23868	ANAHEIM GLASS, INC.	03/31/2017	21760	490515151	REPL MIRROR:CCC PLAZA	\$625.26
ANAHEIM GLASS, INC.					Total Check Amount:	\$625.26
V23869	B & S GRAPHICS INC.	03/31/2017	24357	480515161	POLICE VEHICLE DECALS	\$72.87
B & S GRAPHICS INC.					Total Check Amount:	\$72.87
V23870	BEST LAWN MOWER SERVICE	03/31/2017	16230	480515161	BUFFER/CAM RODS	\$67.07
BEST LAWN MOWER SERVICE					Total Check Amount:	\$67.07
V23871	BREA DISPOSAL, INC	03/31/2017	3330	440515122	FEB 2017 RES TONNAGE	\$56,749.28
BREA DISPOSAL, INC					Total Check Amount:	\$56,749.28
V23872	CALOLYMPIC SAFETY	03/31/2017	3135	480515161	NITRILE/LATEX GLOVES	\$154.33
CALOLYMPIC SAFETY					Total Check Amount:	\$154.33
V23873	CANON FINANCIAL SERVICES, INC.	03/31/2017	20648	110141441	13-COPIER LEASE APR17	\$3,514.76
CANON FINANCIAL SERVICES, INC.					Total Check Amount:	\$3,514.76
V23874	CARL WARREN & CO	03/31/2017	4036	470141483	CWC 1950942	\$50.00
		03/31/2017	4036	470141483	CWC 1956597	\$50.00
CARL WARREN & CO					Total Check Amount:	\$100.00
V23875	CIVILSOURCE INC	03/31/2017	22210	510707621	RANDOLPH SEWER PROJ	\$1,680.00
CIVILSOURCE INC					Total Check Amount:	\$1,680.00
V23876	CLARK SECURITY PRODUCTS, INC.	03/31/2017	20003	490515151	LOCKS/KEYS FOR FS	\$33.20
CLARK SECURITY PRODUCTS, INC.					Total Check Amount:	\$33.20
V23877	MARIE DAO	03/31/2017	24071	110323231	CUPCAKES-BREA ENVSNS	\$68.50

City Check Register for: Mar 31, 2017

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
MARIE DAO						Total Check Amount: \$68.50
V23878	DE LAGE LANDEN FINANCIAL SERVICES	03/31/2017	23311	110141441	FIRE STN #3 MAR17	\$161.20
DE LAGE LANDEN FINANCIAL SERVICES						Total Check Amount: \$161.20
V23879	DUALGRAPHICS	03/31/2017	14494	110111151	BL ROUTE SLPS:JAN/FEB	\$222.46
		03/31/2017	14494	110111151	BL ROUTE SLPS:MAR/APR	\$240.06
		03/31/2017	14494	110111151	BL ROUTE SLPS:NOV/DEC	\$222.46
		03/31/2017	14494	110111151	JAN/FEB17 BREA LINE	\$8,802.36
		03/31/2017	14494	110111151	JAN/FEB17 TO PO-68043	(\$9,024.82)
		03/31/2017	14494	110111151	MAR/APR17 BREA LINE	\$6,784.54
		03/31/2017	14494	110111151	NOV/DEC16 BREA LINE	\$5,919.20
		03/31/2017	14494	110111151	NOV/DEC16 TO PO-68043	(\$6,141.66)
DUALGRAPHICS						Total Check Amount: \$7,024.60
V23880	ENTENMANN ROVIN COMPANY	03/31/2017	3457	110212111	PD CENTENNIAL BADGES	\$11,597.14
ENTENMANN ROVIN COMPANY						Total Check Amount: \$11,597.14
V23881	ENTERPRISE FM TRUST	03/31/2017	15895	110212121	LEASE CH TAHOE MAR17	\$697.97
ENTERPRISE FM TRUST						Total Check Amount: \$697.97
V23882	EXTERMINETICS OF SO CALIF INC	03/31/2017	3298	490515151	EXT. BAIT STNS @ CCC	\$60.00
EXTERMINETICS OF SO CALIF INC						Total Check Amount: \$60.00
V23883	FACTORY MOTOR PARTS COMPANY	03/31/2017	3504	480515161	BRAKE LINING/WPR BLDS	\$98.88
FACTORY MOTOR PARTS COMPANY						Total Check Amount: \$98.88
V23884	FLEET SERVICES	03/31/2017	5658	480515161	SPRG BRKE VLVE/FITNG	\$297.17
FLEET SERVICES						Total Check Amount: \$297.17
V23885	GALE SUPPLY COMPANY	03/31/2017	21090	490515151	LINERS	\$190.08
		03/31/2017	21090	490515151	LINERS/MOPHEADS	\$511.38
GALE SUPPLY COMPANY						Total Check Amount: \$701.46
V23886	GALLS/QUARTERMASTER	03/31/2017	16493	110212131	VOLUNTEER UNIFORMS	\$57.10
GALLS/QUARTERMASTER						Total Check Amount: \$57.10
V23887	HOUSING PROGRAMS	03/31/2017	26542	280323215	HSG REHB CONSULT 3/15	\$2,400.00
HOUSING PROGRAMS						Total Check Amount: \$2,400.00
V23888	INFRASTRUCTURE ENGINEERS	03/31/2017	22809	510707315	ALLEY REHAB 10/1-1/31	\$295.00
		03/31/2017	22809	510707316	ALLEY REHAB 10/1-1/31	\$385.00
		03/31/2017	22809	510707317	ALLEY REHAB 10/1-1/31	\$1,170.00
		03/31/2017	22809	510707461	CLIFFWOOD WTRLINE IMP	\$2,250.00
INFRASTRUCTURE ENGINEERS						Total Check Amount: \$4,100.00
V23889	IPARQ	03/31/2017	21583	110323241	PERMIT FEES FEB17	\$779.37
		03/31/2017	21583	110323241	PERMIT FEES JAN17	\$3,051.96
IPARQ						Total Check Amount: \$3,831.33
V23890	KEENAN & ASSOCIATES	03/31/2017	22439	470141483	2017 WORKERS COMP #1	\$8,674.58
		03/31/2017	22439	470141483	2017 WORKERS COMP #2	\$8,674.58

City Check Register for: Mar 31, 2017

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V23890	KEENAN & ASSOCIATES	03/31/2017	22439	470141483	2017 WORKERS COMP #3	\$8,674.58
		03/31/2017	22439	470141483	2017 WORKERS COMP #4	\$8,674.58
KEENAN & ASSOCIATES					Total Check Amount:	\$34,698.32
V23891	KELLY PAPER	03/31/2017	7039	110141441	PAPER	\$155.16
KELLY PAPER					Total Check Amount:	\$155.16
V23892	KUSSMAUL ELECTRONICS	03/31/2017	16760	480	S/TAX ON BATT CHARGER	(\$61.29)
		03/31/2017	16760	480515161	KUSSMAUL BATT CHARGER	\$867.94
KUSSMAUL ELECTRONICS					Total Check Amount:	\$806.65
V23893	JENNIFER LILLEY	03/31/2017	26029	110323231	NUTS & BOLTS WORKSHOP	\$10.99
JENNIFER LILLEY					Total Check Amount:	\$10.99
V23894	LINCOLN AQUATICS	03/31/2017	17902	490515151	PUMP FOR THE PLUNGE	\$1,313.96
LINCOLN AQUATICS					Total Check Amount:	\$1,313.96
V23895	LONG BEACH BMW	03/31/2017	18120	480515161	28032 BMW:FRONT REPR	\$449.43
LONG BEACH BMW					Total Check Amount:	\$449.43
V23896	LOS ANGELES TRUCK CENTERS, LLC	03/31/2017	7300	480515161	VEHICLE HORN	\$25.92
LOS ANGELES TRUCK CENTERS, LLC					Total Check Amount:	\$25.92
V23897	MATTHEW MATLOCK	03/31/2017	24741	420515131	WTR TRTMNT OPRTR RNWL	\$55.00
MATTHEW MATLOCK					Total Check Amount:	\$55.00
V23898	DAWN MENDELSON	03/31/2017	16701	110404541	MOSAIC CLASS #25041	\$720.00
DAWN MENDELSON					Total Check Amount:	\$720.00
V23899	MTGL, INC.	03/31/2017	26279	510707452	GLNBRK WTRLINE JAN17	\$1,847.50
MTGL, INC.					Total Check Amount:	\$1,847.50
V23900	MUELLER COMPANY	03/31/2017	18067	420515131	METER PARTS	\$172.56
MUELLER COMPANY					Total Check Amount:	\$172.56
V23901	MUNICIPAL WATER DISTRICT	03/31/2017	3784	420515131	WATER DELIVERY FEB17	\$19,391.88
MUNICIPAL WATER DISTRICT					Total Check Amount:	\$19,391.88
V23902	O'DUFFY BROTHERS, INC.	03/31/2017	26216	510707452	GLENBRK WTRLINE/STRTS	\$319,178.89
O'DUFFY BROTHERS, INC.					Total Check Amount:	\$319,178.89
V23903	PARKHOUSE TIRE, INC.	03/31/2017	22120	480515161	POLICE CAR TIRES	\$2,190.94
PARKHOUSE TIRE, INC.					Total Check Amount:	\$2,190.94
V23904	PROJECT DIMENSIONS	03/31/2017	23924	510707873	TRKS S2 CONST MGT FEB	\$9,400.00
		03/31/2017	23924	510707873	TRKS S2 CONST MGT JAN	\$7,882.67
		03/31/2017	23924	510707873	TRKS S6 CONST MGT FEB	\$8,820.00
		03/31/2017	23924	510707873	TRKS S6 CONST MGT JAN	\$7,178.52
		03/31/2017	23924	510707873	V23520 TO PO #68157	(\$7,882.67)
		03/31/2017	23924	510707873	V23520 TO PO #68158	(\$7,178.52)
PROJECT DIMENSIONS					Total Check Amount:	\$18,220.00
V23905	QUINN COMPANY	03/31/2017	12380	480515161	ENGINE BOLT	\$22.53

City Check Register for: Mar 31, 2017

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
QUINN COMPANY						Total Check Amount: \$22.53
V23906	RAY-LITE INDUSTRIES, INC.	03/31/2017	19800	110404154	LED LITE UPGRADE @BCC	\$2,913.69
RAY-LITE INDUSTRIES, INC.						Total Check Amount: \$2,913.69
V23907	RICHARDS, WATSON & GERSHON	03/31/2017	8978	110000000	116 REIMB WORK JAN17	\$21,172.00
		03/31/2017	8978	110111112	116 REIMB WORK JAN17	\$372.00
		03/31/2017	8978	110111112	164 SHADETREE CIR JAN	\$1,470.00
		03/31/2017	8978	280323215	157 HSG SUCCSR JAN17	\$1,871.00
		03/31/2017	8978	510707251	145 57/LAMBERT JAN17	\$1,107.00
RICHARDS, WATSON & GERSHON						Total Check Amount: \$25,992.00
V23908	RUSSELL SIGLER INC.	03/31/2017	21638	490515151	HVAC PROJECT @ YARD	\$187.08
RUSSELL SIGLER INC.						Total Check Amount: \$187.08
V23910	SMART & FINAL	03/31/2017	3269	110404429	ASP CAFE	\$591.47
		03/31/2017	3269	110404429	SAB/SPR BOUTIQUE CAFE	\$123.54
		03/31/2017	3269	110404429	SPRING BOUTIQUE CAFE	\$216.23
		03/31/2017	3269	110404521	FRI LUNCH FOOD TO GO	\$40.42
		03/31/2017	3269	110404521	FRI LUNCH-ST. PATTY'S	\$30.23
		03/31/2017	3269	110404521	FRIDAY LUNCH	\$407.47
		03/31/2017	3269	110404521	FRIDAY LUNCH BACK UP	\$20.73
		03/31/2017	3269	110404521	FRIDAY LUNCH SUPPLIES	\$10.28
		03/31/2017	3269	110404521	FRIDAY LUNCH-BACK UP	\$14.37
SMART & FINAL						Total Check Amount: \$1,454.74
V23911	SO CAL LAND MAINTENANCE, INC.	03/31/2017	26009	110515141	PARKS MOWING FEB17	\$6,043.93
		03/31/2017	26009	360515145	PARKS MOWING FEB17	\$85.95
		03/31/2017	26009	360515147	PARKS MOWING FEB17	\$37.12
SO CAL LAND MAINTENANCE, INC.						Total Check Amount: \$6,167.00
V23912	KRISTIN STEYERMAN	03/31/2017	24362	110404421	STAFF APPRCTN:SPR BTQ	\$231.29
KRISTIN STEYERMAN						Total Check Amount: \$231.29
V23913	STOVER SEED COMPANY	03/31/2017	15803	110515144	GRASS SEED	\$831.60
		03/31/2017	15803	360515145	GRASS SEED	\$1,458.00
STOVER SEED COMPANY						Total Check Amount: \$2,289.60
V23914	TECHNICOLOR PRINTING	03/31/2017	24354	110404424	SHIRTS:MIGHTY TIKES	\$1,152.65
TECHNICOLOR PRINTING						Total Check Amount: \$1,152.65
V23915	UNITED ROTARY BRUSH CORPORATION	03/31/2017	16649	480515161	SWEEPER BROOMS (3)	\$300.62
UNITED ROTARY BRUSH CORPORATION						Total Check Amount: \$300.62
V23916	VORTEX	03/31/2017	15007	490515151	GATE REPAIR @ YARD	\$340.00
VORTEX						Total Check Amount: \$340.00
V23917	WAXIE SANITARY SUPPLY	03/31/2017	3332	490515151	TOWELS/STD ROLLS	\$2,915.40
WAXIE SANITARY SUPPLY						Total Check Amount: \$2,915.40
V23918	WEST COAST ARBORISTS, INC.	03/31/2017	1556	110515142	TREE RMVL/TRMG/PLNTG	\$9,799.87

City Check Register for: Mar 31, 2017

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V23918	WEST COAST ARBORISTS, INC.	03/31/2017	1556	110515144	TRIM TREES:SPRTS PARK	\$3,302.64
WEST COAST ARBORISTS, INC.					Total Check Amount:	\$13,102.51
V23919	WILLDAN ENGINEERING	03/31/2017	12445	110000000	TRFC ENG'G HINES 1/27	\$1,314.00
		03/31/2017	12445	110000000	TRFC ENGG:HINES 12/30	\$800.00
WILLDAN ENGINEERING					Total Check Amount:	\$2,114.00
V23920	ROBERT ZEEB	03/31/2017	13693	110212111	ZEEB:TRFC COLLN INV	\$218.00
ROBERT ZEEB					Total Check Amount:	\$218.00
Voucher Subtotal						\$564,250.43
TOTAL						\$752,204.40

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: City Manager

DATE: 04/04/2017

SUBJECT: Authorization for the Successor Agency to the Brea Redevelopment Agency for the Issuance and Sale of Tax Allocation Refunding Bonds to Refinance Outstanding 2003 Tax Allocation Bonds and 2011 Tax Allocation Bonds, Series A and Taxable Series B of the Former Brea Redevelopment Agency, Relating to Project Area AB; Requesting Certain Actions and Findings by the Oversight Board and Approving Related Matters

RECOMMENDATION

Adopt the resolution.

BACKGROUND/DISCUSSION

Pursuant to Assembly Bill (AB) 1484, successor agencies are permitted to refinance debt obligations of the former redevelopment agencies. Conditions subject to refinancing of these debt obligations would be the reduction in the annual debt payments; that no new debt be created; and that the term of the refunding bonds shall be the same as that of the debt proposed to be refinanced. Staff has identified such an opportunity which is presented in this staff report. In December 2013, Staff had previously refinanced outstanding Tax Allocation Bonds (TABs) of the former Brea Redevelopment Agency secured by Project Area AB revenues. In November 2016, Staff had previously refinanced outstanding Tax Allocation Bonds of the former Brea Redevelopment Agency, secured by Project Area C revenues.

In July 2003, the Brea Redevelopment Agency issued \$120,497,866 in Project Area AB Tax Allocation Bonds. The proceeds were used to fund redevelopment projects and the 1993 TABs. Currently, the outstanding balance on the 2003 Tax Allocation Bonds available for refunding is \$14,180,000 (current interest bonds only). In June 2011, the Brea Redevelopment Agency issued \$18,839,323 in Project Area AB Tax Allocation Bonds Series A and \$10,295,000 Taxable Tax Allocation Housing Bonds Series B. The proceeds were used to fund Redevelopment Projects (Non-Housing and Housing) and refund the 2001 TABs. Currently, the outstanding balance on the 2011 Tax Allocation Bonds Series A and B available for refunding is \$33,224,736.

Assembly Bill (AB 1484) permits successor agencies to refund outstanding bonds and other obligations of a former redevelopment agency if such refunding results in savings which benefit the taxing entities. The Debt Service Savings Analysis indicates that the refinancing of the outstanding bonds will produce an average annual reduction in bond payments of \$1,475,914. The same reduction in annual bond payments frees up additional property tax revenues for distribution to affected taxing entities. This will result in an annual increase to

the City of approximately \$182,570 based on current market conditions, subject to change. The following is a summary of the savings for each bond issue:

Bonds	Current Average Annual Debt Service	New Average Annual Debt Service	Total Average Annual Savings	Annual Distribution to the City
2003	\$1,682,173	\$1,522,274	\$159,900	\$19,779
2011	\$3,897,544	\$2,581,529	\$1,316,014	\$162,791
TOTAL	\$5,579,717	\$4,103,803	\$1,475,914	\$182,570

The first step in moving forward with the refunding bonds requires the Successor Agency to adopt the attached resolution which includes the Debt Service Savings Analysis, directing the Successor Agency to undertake proceedings for the proposed refunding of the outstanding bonds, approve the required legal documents and authorize all of the necessary actions relating to the proposed refinancing, hiring bond counsel and other professional services and directing City officials to execute related documents.

Subsequent to adoption of the resolution by the Successor Agency, the Oversight Board has a meeting scheduled for April 14, 2017 for their consideration of adoption of the required resolution accompanied by the Successor Agency Resolution. Once the Oversight Board has approved their resolution, the next step is to forward the Oversight Board Resolution and the Successor Agency Resolution with all attachments to the California Department of Finance (DOF) who has up to sixty days to approve the Oversight Board Resolution. Staff will be requesting an expedited review of the Oversight Board Resolution by the DOF.

The final step will occur after the DOF approves the Oversight Board Resolution. Thereafter, the Successor Agency will adopt a resolution approving the Preliminary Official Statement (bond offering document) and other related bond documents. Based on the current schedule, staff anticipates this action would be scheduled for Successor Agency consideration on May 16, 2017.

COMMISSION/COMMITTEE RECOMMENDATION

The Finance Committee recommended approval at their Meeting on March 28, 2017.

FISCAL IMPACT/SUMMARY

The Successor Agency has a total of \$47,404,736.40 in outstanding 2003 and 2011 Project Area AB Tax Allocation Bonds. Staff is recommending that the Successor Agency refinance the outstanding bonds in order to reduce the average annual bond payments by \$1,475,914, resulting in a corresponding annual increase in property tax revenues to affected taxing entities. This will result in an average annual increase of approximately \$182,570 in property tax revenues to the City's General Fund. These are estimated savings based on current market conditions and subject to change.

RESPECTFULLY SUBMITTED:

Bill Gallardo, City Manager

Prepared by: Lee Squire, Fiscal Services Manager

Concurrence: Cindy Russell, Administrative Services Director

Attachments

Resolution SA 2017-04

Debt Service Savings Report

Indenture of Trust

Escrow Agreement

Bond Purchase Agreement

RESOLUTION NO. SA 2017-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA, AS THE SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, AUTHORIZING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS TO REFINANCE OUTSTANDING 2003 AND 2011 BONDS OF THE FORMER BREA REDEVELOPMENT AGENCY RELATING TO PROJECT AREA AB, REQUESTING CERTAIN ACTIONS AND FINDINGS BY OVERSIGHT BOARD, AND APPROVING RELATED MATTERS

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (the "Code"), the Brea Redevelopment Agency (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173 of the Code, the City Council of the City of Brea, adopted Resolution No. 2011-085 on September 6, 2011, and elected to serve as the successor entity to the Former Agency (the "Successor Agency"); and

WHEREAS, in order to provide financing and refinancing for the Redevelopment Project Area AB, the Former Agency has previously issued the following bonds:

- (a) the Brea Redevelopment Agency 2003 Tax Allocation Bonds (Redevelopment Project AB) issued in the aggregate principal amount of \$120,497,865.90 (the "2003 Bonds"), issued in the form of current interest bonds and capital appreciation bonds,
- (b) the Brea Redevelopment Agency 2011 Tax Allocation Bonds, Series A (Redevelopment Project AB) in the aggregate principal amount of \$18,839,323.25 (the "2011 Series A Bonds"), and
- (c) the Brea Redevelopment Agency 2011 Taxable Tax Allocation Housing Bonds, Series B (Redevelopment Project AB) in the aggregate principal amount of \$10,295,000 (the "2011 Series B Bonds"); and

WHEREAS, the Successor Agency has previously issued its \$96,620,000 aggregate principal amount of Successor Agency To The Brea Redevelopment Agency Redevelopment Project AB 2013 Tax Allocation Refunding Bonds, the proceeds of which have been applied to refund a portion of the 2003 Bonds, consisting of the 2003 Bonds which were issued as current interest bonds maturing on August 1 in each of the years 2014 through 2026, inclusive, which 2003 Bonds have been redeemed and are no longer outstanding; and

WHEREAS, as provided in Section 34177.5(a)(1) of the Code, the Successor Agency is authorized to issue its bonds for the purpose of refunding the outstanding 2003 Bonds which constitute current interest bonds, the outstanding 2011 Series A Bonds and the outstanding 2011 Series B Bonds (collectively, the "Prior Bonds"), in whole or in part, under Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of

Title 5 of the Government Code (the "Refunding Bond Law"), provided that the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds does not exceed the total remaining interest cost to maturity on the Prior Bonds to be refunded plus the remaining principal of the Prior Bonds to be refunded (the "Minimum Savings Threshold"); and

WHEREAS, pursuant to Section 34179 of the Code, an oversight board (the "Oversight Board") has been established for the Successor Agency and the Successor Agency has determined to request that the Oversight Board direct the Successor Agency to undertake proceedings for the issuance of one or more series of tax-exempt and taxable refunding bonds for Redevelopment Project AB (the "Refunding Bonds") under the Refunding Bond Law for the purpose of refunding all or a portion of the Prior Bonds, provided that the Minimum Savings Threshold is achieved with respect to the refunding of the Prior Bonds as set forth in Section 34177.5(a)(1) of the Code, it being understood that such direction by the Oversight Board will enable the Successor Agency to recover its related costs in connection with such refunding proceedings as authorized by Section 34177.5(f) of the Code; and

WHEREAS, the Successor Agency has also determined to request that the Oversight Board approve the issuance, sale and delivery of the Refunding Bonds by the Successor Agency, as authorized by Section 34177.5(f) of the Code, and that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance, sale and delivery of the Refunding Bonds; and

WHEREAS, the Successor Agency has caused an analysis to be made of the potential savings that will accrue to the Successor Agency and other affected taxing entities as a result of such refunding (the "Debt Service Savings Analysis") and has determined to present the Debt Service Savings Analysis to the Oversight Board for its consideration; and

WHEREAS, following the action by the Oversight Board approving the issuance of the Refunding Bonds and upon approval by the California Department of Finance, the Successor Agency intends to approve the final form of an Official Statement and other financing documents relating to the Refunding Bonds;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brea, as the Successor Agency to the Brea Redevelopment Agency, as follows:

Section 1. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities and that the Minimum Savings Threshold can be achieved by the issuance by the Successor Agency of the Refunding Bonds to provide funds to refund all or a portion of the Prior Bonds, as evidenced by the Debt Service Savings Analysis on file with the Secretary of the Successor Agency, which is hereby approved.

Section 2. Approval of Issuance of the Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Refunding Bond Law in the aggregate principal amount of not to exceed \$55,000,000 for the purpose of providing funds to refund all or a portion of the Prior Bonds. The Refunding Bonds may be issued in one or more series of bonds which are issued at the same or

different times, and may consist of tax-exempt bonds, taxable bonds or any combination thereof. The Refunding Bonds are hereby authorized to be issued in the form of current interest bonds, capital appreciation bonds, convertible capital appreciation bonds, or any combination thereof. Any series of Refunding Bonds shall only be issued to refund the Prior Bonds, in whole or in part, in the event that the Minimum Savings Threshold set forth in Section 34177.5(a)(1) of the Code is met with respect to such refunding.

Section 3. Indenture of Trust. The Successor Agency hereby approves the Indenture of Trust (the "Indenture") between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. The Mayor of the City (or, in the Mayor's absence, the Mayor Pro Tem of the City) and the City Manager of the City, who is appointed the Executive Director of the Successor Agency (collectively, the "Authorized Officers"), each acting individually, are hereby authorized and directed to execute and deliver, and the City Clerk (or the Deputy City Clerk) is hereby authorized and directed to attest to, the Indenture for and in the name and on behalf of the Successor Agency, in substantially the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer who executes the Indenture shall approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The Successor Agency hereby authorizes the delivery and performance of the Indenture.

Section 4. Escrow Agreement. The Successor Agency hereby approves the Escrow Agreement (the "Escrow Agreement") among the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as escrow agent, prescribing the provisions for refunding all or a portion of the Prior Bonds. Each Authorized Officer, acting individually, is hereby authorized and directed to execute and deliver the Escrow Agreement for and in the name and on behalf of the Successor Agency, in substantially the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer who executes the Escrow Agreement shall approve, such approval to be conclusively evidenced by the execution and delivery of the Escrow Agreement. The Successor Agency hereby authorizes the delivery and performance of the Escrow Agreement.

Section 5. Sale of Refunding Bonds; Bond Purchase Agreement. The Successor Agency hereby approves the sale of the Refunding Bonds on a negotiated basis to Stifel Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"). The Refunding Bonds shall be sold to the Underwriter pursuant to the Bond Purchase Agreement (the "Bond Purchase Agreement") between the Successor Agency and Underwriter in substantially the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Administrative Services Director of the City, who is appointed the Assistant Treasurer of the Successor Agency, shall approve, such approval to be conclusively evidenced by the execution and delivery thereof. Each Authorized Officer and the Assistant Treasurer of the Successor Agency, acting individually, are hereby authorized and directed to execute and deliver the Bond Purchase Agreement for and in the name and on behalf of the Successor Agency. The Successor Agency hereby authorizes the delivery and performance of the Bond Purchase Agreement.

Section 6. Further Approvals. Following the action by the Oversight Board approving the issuance of the Refunding Bonds and upon approval by the California

Department of Finance, the Successor Agency intends to approve the final form of an Official Statement and other financing documents relating to the Refunding Bonds, and to take such further actions as may be required to implement the issuance, sale and delivery of the Refunding Bonds.

Section 7. Oversight Board Approval of the Issuance of the Refunding Bonds. The Successor Agency hereby requests that the Oversight Board approve the issuance, sale and delivery of the Refunding Bonds under this Resolution as above described.

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

Section 9. Determinations by the Oversight Board. The Successor Agency requests that the Oversight Board make the determination that the authorization and sale of the Refunding Bonds, and the application of proceeds thereof to the refunding of all or a portion of the Prior Bonds and the payment of costs of issuance, as provided in the Indenture and authorized by Section 34177.5(a) of the Code, shall be implemented by the Successor Agency, notwithstanding any other provision of law to the contrary, without the requirement for further approval from the Oversight Board, the California Department of Finance, the Orange County Auditor-Controller or any other person or entity other than the Successor Agency. The Successor Agency shall rely on such determination in undertaking the refunding proceedings and the issuance, sale and delivery of the Refunding Bonds.

Section 10. Engagement of Professional Services. In connection with the issuance and sale of the Refunding Bonds, the Successor Agency hereby authorizes the engagement of the services of Fieldman Rolapp & Associates to act as municipal advisor to the Successor Agency, and the firm of Jones Hall, A Professional Law Corporation, to act as bond counsel to the Successor Agency. The Mayor of the City, the Executive Director of the Successor Agency and the Assistant Treasurer of the Successor Agency, each acting individually, are hereby authorized and directed to execute an agreement with each such firm, in the respective forms on file with the City Clerk. The use of the Richards Watson & Gershon, A Professional Corporation as disclosure counsel, and Keyser Marston Associates as fiscal consultant, in connection with the Refunding Bonds, under the terms of the existing contracts with such firms, is hereby approved and affirmed.

Section 11. Official Actions. The officers of the City, acting as Successor Agency, are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approvals by the Oversight Board and the California Department of Finance. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 12. Effective Date. This Resolution shall take effect from and after its passage and adoption.

PASSED AND ADOPTED this 4th day of April, 2017, by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAINED: COUNCILMEMBERS:

Dated: April 4, 2017

Lillian Harris-Neal, City Clerk

DEBT SERVICE SAVINGS ANALYSIS REPORT

Successor Agency to the Brea Redevelopment Agency Redevelopment Project AB 2017 Tax Allocation Refunding Bonds Series A (Tax-Exempt) and Series B (Taxable)

	2003A TAB AA- Underlying, Surety ⁽¹⁾⁽²⁾	2011A TAB (CAB Portion) AA- Underlying, Surety ⁽¹⁾⁽²⁾	2011A TAB (CIB Portion) AA- Underlying, Surety ⁽¹⁾⁽²⁾	2011B TAB AA- Underlying, Surety ⁽¹⁾⁽²⁾	Total
Refunding Bond Amount	\$14,255,000	\$19,070,020	\$3,110,000	\$10,905,000	\$47,340,020
Par Refunded	\$16,475,000	\$14,430,651	\$4,315,000	\$9,940,000	\$45,160,651
Final Maturity	8/1/2032	8/1/2036	8/1/2031	8/1/2029	8/1/2036
Average Coupon of Refunded Bonds	4.45%	7.53%	5.00%	7.16%	5.98%
Average Coupon of Refunding Bonds	5.00%	N/A	5.00%	3.61%	N/A
True Interest Cost (effective rate)	3.25%	4.61%	3.63%	3.60%	4.00%
Net Present Value Savings (\$)	\$1,551,341	\$5,192,250	\$52,097	\$401,674	\$7,197,362
Present Value Savings (%)	9.42%	23.43%	1.21%	4.04%	13.61%
Nominal Savings (\$)	\$2,398,494	\$21,766,679	\$2,034,678	\$1,842,519	\$28,042,370
Average Annual Savings* (\$)	\$159,900	\$1,145,615	\$145,334	\$153,543	\$1,475,914
Taxing Entities Share of Average Annual Savings:					
Brea City	\$19,779	\$141,712	\$17,978	\$18,993	\$182,570
Fullerton City	\$1,046	\$7,491	\$950	\$1,004	\$9,651
Orange County Vector Control District	\$173	\$1,238	\$157	\$166	\$1,595
Orange County Transit Authority	\$434	\$3,111	\$395	\$417	\$4,008
Orange County Sanitation Gen. Fund	\$4,777	\$34,224.44	\$4,342	\$4,587	\$44,092
Fullerton Elementary Gen. Fund	\$14	\$98	\$12	\$13	\$126
Fullerton Union High Gen. Fund	\$1,524	\$10,920	\$1,385	\$1,464	\$14,069
Brea Olinda Unified Gen. Fund	\$59,360	\$425,290	\$53,953	\$57,000	\$547,908
Placentia Yorba Linda Unified	\$7,508	\$53,795	\$6,824	\$7,210	\$69,304
La Habra Elementary Gen. Fund	\$1,985	\$14,224	\$1,804	\$1,906	\$18,324
North Orange County Community College Gen. Fund	\$10,798	\$77,360	\$9,814	\$10,368	\$99,664
Orange County Dept. of Education Gen. Fund	\$5,737	\$41,107	\$5,215	\$5,509	\$52,958
Orange County Gen. Fund	\$9,444	\$67,661	\$8,584	\$9,068	\$87,169
Orange County Public Library	\$2,579	\$18,480	\$2,344	\$2,477	\$23,809
Orange County Flood Control District	\$3,059	\$21,919	\$2,781	\$2,938	\$28,239
Orange County Parks CSA 26	\$2,365	\$16,943	\$2,149	\$2,271	\$21,828
ERAF	\$29,317	\$210,042	\$26,646	\$28,151	\$270,601
Total	\$159,900	\$1,145,615	\$145,334	\$153,543	\$1,475,914

*Average Annual Savings for each series are calculated as "Nominal Savings divided by number of years with principal outstanding for each series". Amount will not add up to the Total Average

(1) Assumes Closing Date of 6/29/2017, Market Conditions as of 3/15/2017

(2) Refunding assumes Surety at 2.5%

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Successor Agency to the Brea Redevelopment Agency
2017 Tax Allocation Bonds
Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

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SOURCES AND USES OF FUNDS

Successor Agency to the Brea Redevelopment Agency
2017 Tax Allocation Bonds
Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Sources:	Refunding 2003 TABs	Refunding 2011 Series A TABs (CAB Portion)	Refunding 2011 Series A TABs (CIB Portion)	Refunding 2011 Series B TABs	Total
Bond Proceeds:					
Par Amount	14,255,000.00	19,070,019.60	3,110,000.00	10,905,000.00	47,340,019.60
Premium	2,450,577.90	609,825.10	467,744.00		3,528,147.00
	<u>16,705,577.90</u>	<u>19,679,844.70</u>	<u>3,577,744.00</u>	<u>10,905,000.00</u>	<u>50,868,166.60</u>
Other Sources of Funds:					
August 1, 2017 Payment	366,568.75	95,000.00	107,875.00	449,582.60	1,019,026.35
Prior DSRF		1,619,774.33	264,158.00	1,029,500.00	2,913,432.33
Unexpended Proceeds		<u>6,320,278.80</u>	<u>1,030,731.35</u>		<u>7,351,010.15</u>
	<u>366,568.75</u>	<u>8,035,053.13</u>	<u>1,402,764.35</u>	<u>1,479,082.60</u>	<u>11,283,468.83</u>
	<u>17,072,146.65</u>	<u>27,714,897.83</u>	<u>4,980,508.35</u>	<u>12,384,082.60</u>	<u>62,151,635.43</u>
Uses:					
Refunding Escrow Deposits:					
Cash Deposit	0.44	0.59	0.92	0.35	2.30
SLGS Purchases	<u>16,826,846.00</u>	<u>27,390,107.00</u>	<u>4,925,518.00</u>	<u>12,195,947.00</u>	<u>61,338,418.00</u>
	<u>16,826,846.44</u>	<u>27,390,107.59</u>	<u>4,925,518.92</u>	<u>12,195,947.35</u>	<u>61,338,420.30</u>
Delivery Date Expenses:					
Cost of Issuance	204,375.83	273,409.41	44,588.48	156,346.44	678,720.16
Surety Reserve Fund (250 bps)	<u>38,293.49</u>	<u>51,228.17</u>	<u>8,354.45</u>	<u>29,294.31</u>	<u>127,170.42</u>
	<u>242,669.32</u>	<u>324,637.58</u>	<u>52,942.93</u>	<u>185,640.75</u>	<u>805,890.58</u>
Other Uses of Funds:					
Additional Proceeds	2,630.89	152.66	2,046.50	2,494.50	7,324.55
	<u>17,072,146.65</u>	<u>27,714,897.83</u>	<u>4,980,508.35</u>	<u>12,384,082.60</u>	<u>62,151,635.43</u>

Notes:

The financing was evaluated at interest rates as of 3/15/17 and tax-exempt spreads to the generic 'AAA' municipal yield index ('MMD') of +10 bps in 2018 and increasing +45 bps in 2036. The refunding of the taxable 2011 Series B bonds was done at taxable spreads to comparable treasuries of +30bps in 2018 and increasing to +170 bps in 2029. With respect to the convertible capital appreciation bond interest rates, the financing was evaluated at interest rate spreads to MMD of +75 basis points beginning in 2018, increasing to +180 basis points in 2036.

These spreads are representative of what similarly sized, tax allocation bond credits with underlying credit characteristics similar to the Successor Agency's project area have priced at or traded in the days right ahead of such analysis but in no way does Stifel guarantee the pricing results. Stifel has assumed an underlying AA- rating for the Bonds based on the current bond rating.

Assumptions:

- 1) Refunding bonds have been structured with a 2.5% surety reserve fund (per recent surety reserve funds on similarly rated deals).
- 4) Debt service has been structured to produce proportional annual savings with the same final maturity as the refunded bonds.
- 5) Dated date of 6/29/2017, cost of issuance includes an allowance for the underwriter's discount.

SUMMARY OF REFUNDING RESULTS

Successor Agency to the Brea Redevelopment Agency
 2017 Tax Allocation Bonds
 Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

	Refunding 2003 TABs	Refunding 2011 Series A TABs (CAB Portion)	Refunding 2011 Series A TABs (CIB Portion)	Refunding 2011 Series B TABs	Total
Dated Date	06/29/2017	06/29/2017	06/29/2017	06/29/2017	06/29/2017
Delivery Date	06/29/2017	06/29/2017	06/29/2017	06/29/2017	06/29/2017
Arbitrage Yield	3.784878%	3.784878%	3.784878%	3.784878%	3.784878%
Escrow Yield	0.760655%	1.931247%	1.910835%	1.891182%	1.909364%
Value of Negative Arbitrage	41,878.87	1,903,271.07	325,062.17	770,079.89	3,040,292.00
Bond Par Amount	14,255,000.00	19,070,019.60	3,110,000.00	10,905,000.00	47,340,019.60
True Interest Cost	3.253663%	4.605614%	3.626767%	3.597186%	4.000027%
Net Interest Cost	3.571775%		3.932492%	3.611358%	
Average Coupon	5.000000%		5.000000%	3.611358%	
Average Life	12.037	14.660	14.089	8.060	12.312
Par amount of refunded bonds	16,475,000.00	14,430,651.35	4,315,000.00	9,940,000.00	45,160,651.35
Value of refunded bonds on delivery date		22,163,856.60			52,893,856.60
Average coupon of refunded bonds	4.450000%	7.528281%	5.000000%	7.155983%	5.976961%
Average life of refunded bonds	12.034	11.655	14.089	8.637	11.362
PV of prior debt	17,821,662.50	35,026,815.95	4,972,044.86	12,642,330.91	70,462,854.21
Net PV Savings	1,551,341.19	5,192,249.52	52,097.32	401,673.91	7,197,361.94
Percentage savings of refunded bonds	9.416335%	23.426652%	1.207354%	4.040985%	13.607179%
Percentage savings of refunding bonds	10.882786%	27.227290%	1.675155%	3.683392%	15.203547%

SUMMARY OF REFUNDING RESULTS

Successor Agency to the Brea Redevelopment Agency
2017 Tax Allocation Bonds
Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Notes:

The financing was evaluated at interest rates as of 3/15/17 and tax-exempt spreads to the generic 'AAA' municipal yield index ('MMD') of +10 bps in 2018 and increasing +45 bps in 2036. The refunding of the taxable 2011 Series B bonds was done at taxable spreads to comparable treasuries of +30bps in 2018 and increasing to +170 bps in 2029. With respect to the convertible capital appreciation bond interest rates, the financing was evaluated at interest rate spreads to MMD of +75 basis points beginning in 2018, increasing to +180 basis points in 2036. These spreads are representative of what similarly sized, tax allocation bond credits with underlying credit characteristics similar to the Successor Agency's project area have priced at or traded in the days right ahead of such analysis but in no way does Stifel guarantee the pricing results. Stifel has assumed an underlying AA- rating for the Bonds based on the current bond rating.

Assumptions:

- 1) Refunding bonds have been structured with a 2.5% surety reserve fund (per recent surety reserve funds on similarly rated deals).
- 4) Debt service has been structured to produce proportional annual savings with the same final maturity as the refunded bonds.
- 5) Dated date of 6/29/2017, cost of issuance includes an allowance for the underwriter's discount.

SAVINGS

Successor Agency to the Brea Redevelopment Agency
2017 Tax Allocation Bonds
Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/29/2017 @ 3.7848776%
08/01/2017	1,019,026.35	1,019,026.35				
08/01/2018	2,093,312.70		2,093,312.70	1,867,378.79	225,933.91	216,422.76
08/01/2019	2,097,810.70		2,097,810.70	1,789,629.50	308,181.20	286,742.27
08/01/2020	2,091,390.00		2,091,390.00	1,786,794.50	304,595.50	273,008.27
08/01/2021	2,089,389.96		2,089,389.96	1,787,362.50	302,027.46	260,778.05
08/01/2022	2,286,785.56		2,286,785.56	1,936,737.50	350,048.06	290,883.79
08/01/2023	5,471,865.46		5,471,865.46	3,984,237.50	1,487,627.96	1,185,578.58
08/01/2024	6,450,499.46		6,450,499.46	4,868,127.50	1,582,371.96	1,207,903.19
08/01/2025	6,451,023.20		6,451,023.20	4,871,015.00	1,580,008.20	1,161,654.50
08/01/2026	4,311,967.50		4,311,967.50	3,462,138.00	849,829.50	599,526.37
08/01/2027	12,342,740.30		12,342,740.30	10,446,178.00	1,896,562.30	1,294,167.66
08/01/2028	4,628,194.00		4,628,194.00	3,671,973.00	956,221.00	625,671.51
08/01/2029	3,583,036.50		3,583,036.50	2,744,676.00	838,360.50	527,362.71
08/01/2030	3,454,920.00		3,454,920.00	2,564,250.00	890,670.00	539,816.46
08/01/2031	10,659,517.50		10,659,517.50	7,859,250.00	2,800,267.50	1,645,899.72
08/01/2032	10,662,165.00		10,662,165.00	7,406,750.00	3,255,415.00	1,843,713.84
08/01/2033	10,665,000.00		10,665,000.00	6,605,750.00	4,059,250.00	2,216,535.73
08/01/2034	10,665,000.00		10,665,000.00	6,604,000.00	4,061,000.00	2,137,341.93
08/01/2035	3,005,000.00		3,005,000.00	1,862,750.00	1,142,250.00	578,870.36
08/01/2036	3,005,000.00		3,005,000.00	1,853,250.00	1,151,750.00	562,602.17
	107,033,644.19	1,019,026.35	106,014,617.84	77,972,247.79	28,042,370.05	17,454,479.86

Savings Summary

PV of savings from cash flow	17,454,479.86
Less: Prior funds on hand	-10,264,442.48
Plus: Refunding funds on hand	7,324.55
Net PV Savings	7,197,361.93

Notes:

The financing was evaluated at interest rates as of 3/15/17 and tax-exempt spreads to the generic 'AAA' municipal yield index ('MMD') of +10 bps in 2018 and increasing +45 bps in 2036. The refunding of the taxable 2011 Series B bonds was done at taxable spreads to comparable treasuries of +30bps in 2018 and increasing to +170 bps in 2029. With respect to the convertible capital appreciation bond interest rates, the financing was evaluated at interest rate spreads to MMD of +75 basis points beginning in 2018, increasing to +180 basis points in 2036.

These spreads are representative of what similarly sized, tax allocation bond credits with underlying credit characteristics similar to the Successor Agency's project area have priced at or traded in the days right ahead of such analysis but in no way does Stifel guarantee the pricing results. Stifel has assumed an underlying AA- rating for the Bonds based on the current bond rating.

Assumptions:

- 1) Refunding bonds have been structured with a 2.5% surety reserve fund (per recent surety reserve funds on similarly rated deals).
- 4) Debt service has been structured to produce proportional annual savings with the same final maturity as the refunded bonds.
- 5) Dated date of 6/29/2017, cost of issuance includes an allowance for the underwriter's discount.

SAVINGS

Successor Agency to the Brea Redevelopment Agency
 Refunding 2003 TABs
 (Refunding of 2003 Tax Allocation Bonds)
 Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/29/2017 @ 3.7848776%
08/01/2017	366,568.75	366,568.75				
08/01/2018	733,137.50		733,137.50	776,105.56	-42,968.06	-42,214.90
08/01/2019	733,137.50		733,137.50	712,750.00	20,387.50	19,030.00
08/01/2020	733,137.50		733,137.50	712,750.00	20,387.50	18,329.68
08/01/2021	733,137.50		733,137.50	712,750.00	20,387.50	17,655.13
08/01/2022	733,137.50		733,137.50	712,750.00	20,387.50	17,005.41
08/01/2023	733,137.50		733,137.50	712,750.00	20,387.50	16,379.59
08/01/2024	733,137.50		733,137.50	712,750.00	20,387.50	15,776.81
08/01/2025	733,137.50		733,137.50	712,750.00	20,387.50	15,196.21
08/01/2026	733,137.50		733,137.50	712,750.00	20,387.50	14,636.98
08/01/2027	8,768,137.50		8,768,137.50	7,697,750.00	1,070,387.50	733,386.12
08/01/2028	1,050,580.00		1,050,580.00	923,500.00	127,080.00	83,926.12
08/01/2029	1,050,542.50		1,050,542.50	920,500.00	130,042.50	82,708.11
08/01/2030	1,559,170.00		1,559,170.00	1,366,250.00	192,920.00	118,142.89
08/01/2031	3,103,767.50		3,103,767.50	2,723,250.00	380,517.50	224,394.37
08/01/2032	3,102,165.00		3,102,165.00	2,724,750.00	377,415.00	214,357.79
	25,599,168.75	366,568.75	25,232,600.00	22,834,105.56	2,398,494.44	1,548,710.30

Savings Summary

PV of savings from cash flow	1,548,710.30
Plus: Refunding funds on hand	2,630.89
Net PV Savings	1,551,341.19

SAVINGS

Successor Agency to the Brea Redevelopment Agency
Refunding 2011 Series A TABs (CAB Portion)

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/29/2017 @ 3.7848776%
08/01/2017	95,000.00	95,000.00				
08/01/2018	345,000.00		345,000.00	214,021.11	130,978.89	123,636.18
08/01/2019	350,000.00		350,000.00	216,550.00	133,450.00	121,676.94
08/01/2020	345,000.00		345,000.00	215,750.00	129,250.00	113,465.19
08/01/2021	345,000.00		345,000.00	214,750.00	130,250.00	110,155.55
08/01/2022	440,000.00		440,000.00	273,750.00	166,250.00	135,856.02
08/01/2023	3,320,000.00		3,320,000.00	2,054,750.00	1,265,250.00	1,005,561.59
08/01/2024	3,260,000.00		3,260,000.00	2,017,000.00	1,243,000.00	944,918.47
08/01/2025	3,260,000.00		3,260,000.00	2,021,000.00	1,239,000.00	907,512.52
08/01/2026	1,565,000.00		1,565,000.00	1,002,500.00	562,500.00	393,308.70
08/01/2027	1,560,000.00		1,560,000.00	1,002,500.00	557,500.00	375,409.42
08/01/2028	1,565,000.00		1,565,000.00	1,002,500.00	562,500.00	364,893.16
08/01/2029	1,565,000.00		1,565,000.00	1,002,500.00	562,500.00	351,464.78
08/01/2030	1,680,000.00		1,680,000.00	1,042,500.00	637,500.00	384,442.22
08/01/2031	3,025,000.00		3,025,000.00	1,870,500.00	1,154,500.00	675,143.00
08/01/2032	7,560,000.00		7,560,000.00	4,682,000.00	2,878,000.00	1,629,356.05
08/01/2033	10,665,000.00		10,665,000.00	6,605,750.00	4,059,250.00	2,216,535.73
08/01/2034	10,665,000.00		10,665,000.00	6,604,000.00	4,061,000.00	2,137,341.93
08/01/2035	3,005,000.00		3,005,000.00	1,862,750.00	1,142,250.00	578,870.36
08/01/2036	3,005,000.00		3,005,000.00	1,853,250.00	1,151,750.00	562,602.17
	57,620,000.00	95,000.00	57,525,000.00	35,758,321.11	21,766,678.89	13,132,149.99

Savings Summary

PV of savings from cash flow	13,132,149.99
Less: Prior funds on hand	-7,940,053.13
Plus: Refunding funds on hand	152.66
Net PV Savings	5,192,249.52

SAVINGS

Successor Agency to the Brea Redevelopment Agency
Refunding 2011 Series A TABs (CIB Portion)

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/29/2017 @ 3.7848776%
08/01/2017	107,875.00	107,875.00				
08/01/2018	215,750.00		215,750.00	169,322.22	46,427.78	44,866.58
08/01/2019	215,750.00		215,750.00	155,500.00	60,250.00	56,238.25
08/01/2020	215,750.00		215,750.00	155,500.00	60,250.00	54,168.64
08/01/2021	215,750.00		215,750.00	155,500.00	60,250.00	52,175.18
08/01/2022	215,750.00		215,750.00	155,500.00	60,250.00	50,255.09
08/01/2023	215,750.00		215,750.00	155,500.00	60,250.00	48,405.66
08/01/2024	215,750.00		215,750.00	155,500.00	60,250.00	46,624.29
08/01/2025	215,750.00		215,750.00	155,500.00	60,250.00	44,908.48
08/01/2026	215,750.00		215,750.00	155,500.00	60,250.00	43,255.81
08/01/2027	215,750.00		215,750.00	155,500.00	60,250.00	41,663.96
08/01/2028	215,750.00		215,750.00	155,500.00	60,250.00	40,130.69
08/01/2029	215,750.00		215,750.00	155,500.00	60,250.00	38,653.84
08/01/2030	215,750.00		215,750.00	155,500.00	60,250.00	37,231.35
08/01/2031	4,530,750.00		4,530,750.00	3,265,500.00	1,265,250.00	746,362.35
	7,443,375.00	107,875.00	7,335,500.00	5,300,822.22	2,034,677.78	1,344,940.17

Savings Summary

PV of savings from cash flow	1,344,940.17
Less: Prior funds on hand	-1,294,889.35
Plus: Refunding funds on hand	2,046.50
Net PV Savings	52,097.32

SAVINGS

Successor Agency to the Brea Redevelopment Agency
 Refunding 2011 Series B TABs
 (Refunding 2011 Taxable Tax Allocation Housing Bonds, Series B)
 Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/29/2017 @ 3.7848776%
08/01/2017	449,582.60	449,582.60				
08/01/2018	799,425.20		799,425.20	707,929.90	91,495.30	90,134.90
08/01/2019	798,923.20		798,923.20	704,829.50	94,093.70	89,797.08
08/01/2020	797,502.50		797,502.50	702,794.50	94,708.00	87,044.76
08/01/2021	795,502.46		795,502.46	704,362.50	91,139.96	80,792.18
08/01/2022	897,898.06		897,898.06	794,737.50	103,160.56	87,767.27
08/01/2023	1,202,977.96		1,202,977.96	1,061,237.50	141,740.46	115,231.74
08/01/2024	2,241,611.96		2,241,611.96	1,982,877.50	258,734.46	200,583.61
08/01/2025	2,242,135.70		2,242,135.70	1,981,765.00	260,370.70	194,037.30
08/01/2026	1,798,080.00		1,798,080.00	1,591,388.00	206,692.00	148,324.89
08/01/2027	1,798,852.80		1,798,852.80	1,590,428.00	208,424.80	143,708.16
08/01/2028	1,796,864.00		1,796,864.00	1,590,473.00	206,391.00	136,721.54
08/01/2029	751,744.00		751,744.00	666,176.00	85,568.00	54,535.98
	16,371,100.44	449,582.60	15,921,517.84	14,078,998.90	1,842,518.94	1,428,679.41

Savings Summary

PV of savings from cash flow	1,428,679.41
Less: Prior funds on hand	-1,029,500.00
Plus: Refunding funds on hand	2,494.50
Net PV Savings	401,673.91

BOND PRICING

Successor Agency to the Brea Redevelopment Agency
2017 Tax Allocation Bonds
Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal per \$5,000 at Maturity
Refunding 2003 TABs, Tax-Exempt Serial Bond:						
	08/01/2018		3.000%	0.930%	102.236	
	08/01/2019		4.000%	1.180%	105.800	
	08/01/2020		5.000%	1.440%	110.716	
	08/01/2021		5.000%	1.610%	113.361	
	08/01/2022		5.000%	1.880%	115.072	
	08/01/2023		5.000%	2.090%	116.554	
	08/01/2024		5.000%	2.340%	117.280	
	08/01/2025		5.000%	2.490%	118.284	
	08/01/2026		5.000%	2.660%	118.779	
	08/01/2027	6,985,000.00	5.000%	2.800%	119.217	
	08/01/2028	560,000.00	5.000%	2.940%	117.869	C
	08/01/2029	585,000.00	5.000%	3.070%	116.633	C
	08/01/2030	1,060,000.00	5.000%	3.150%	115.880	C
	08/01/2031	2,470,000.00	5.000%	3.240%	115.040	C
	08/01/2032	2,595,000.00	5.000%	3.320%	114.300	C
	08/01/2033		5.000%	3.390%	113.656	C
	08/01/2034		5.000%	3.450%	113.108	C
	08/01/2035		5.000%	3.500%	112.654	C
	08/01/2036		5.000%	3.540%	112.292	C
		14,255,000.00				
Refunding 2011 Series A TABs (CAB Portion), Tax-Exempt Serial Bond:						
	08/01/2018		3.000%	0.930%	102.236	
	08/01/2019	20,000.00	4.000%	1.180%	105.800	
	08/01/2020	20,000.00	5.000%	1.440%	110.716	
	08/01/2021	20,000.00	5.000%	1.610%	113.361	
	08/01/2022	80,000.00	5.000%	1.880%	115.072	
	08/01/2023	1,865,000.00	5.000%	2.090%	116.554	
	08/01/2024		5.000%	2.340%	117.280	
	08/01/2025		5.000%	2.490%	118.284	
	08/01/2026		5.000%	2.660%	118.779	
	08/01/2027		5.000%	2.800%	119.217	
	08/01/2028		5.000%	2.940%	117.869	C
	08/01/2029		5.000%	3.070%	116.633	C
	08/01/2030	40,000.00	5.000%	3.150%	115.880	C
	08/01/2031	870,000.00	5.000%	3.240%	115.040	C
	08/01/2032	1,020,000.00	5.000%	3.320%	114.300	C
	08/01/2033		5.000%	3.390%	113.656	C
	08/01/2034		5.000%	3.450%	113.108	C
	08/01/2035		5.000%	3.500%	112.654	C
	08/01/2036		5.000%	3.540%	112.292	C
		3,935,000.00				
Refunding 2011 Series A TABs (CAB Portion), Tax-Exempt Convertible CAB Bond:						
	08/01/2024	754,216.00	3.290%	3.528%	100.000	4,099.00
	08/01/2025	785,738.80	3.490%	3.852%	100.000	4,050.20
	08/01/2026		3.710%	4.118%	100.000	3,997.25
	08/01/2027		3.900%	4.314%	100.000	3,952.10
	08/01/2028		4.090%	4.432%	100.000	C 3,907.55
	08/01/2029		4.270%	4.545%	100.000	C 3,865.80

BOND PRICING

Successor Agency to the Brea Redevelopment Agency
 2017 Tax Allocation Bonds
 Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal per \$5,000 at Maturity
Refunding 2011 Series A TABs (CAB Portion), Tax-Exempt Convertible CAB Bond:						
	08/01/2030		4.450%	4.657%	100.000 C	3,824.55
	08/01/2031		4.590%	4.744%	100.000 C	3,792.80
	08/01/2032	2,042,166.80	4.670%	4.794%	100.000 C	3,774.80
	08/01/2033	4,386,869.70	4.740%	4.838%	100.000 C	3,759.10
	08/01/2034	4,588,543.75	4.800%	4.875%	100.000 C	3,745.75
	08/01/2035	1,262,294.80	4.850%	4.906%	100.000 C	3,734.60
	08/01/2036	1,315,189.75	4.890%	4.931%	100.000 C	3,725.75
		15,135,019.60				
Refunding 2011 Series A TABs (CIB Portion), Tax-Exempt Serial Bond:						
	08/01/2018		3.000%	0.930%	102.236	
	08/01/2019		4.000%	1.180%	105.800	
	08/01/2020		5.000%	1.440%	110.716	
	08/01/2021		5.000%	1.610%	113.361	
	08/01/2022		5.000%	1.880%	115.072	
	08/01/2023		5.000%	2.090%	116.554	
	08/01/2024		5.000%	2.340%	117.280	
	08/01/2025		5.000%	2.490%	118.284	
	08/01/2026		5.000%	2.660%	118.779	
	08/01/2027		5.000%	2.800%	119.217	
	08/01/2028		5.000%	2.940%	117.869 C	
	08/01/2029		5.000%	3.070%	116.633 C	
	08/01/2030		5.000%	3.150%	115.880 C	
	08/01/2031	3,110,000.00	5.000%	3.240%	115.040 C	
	08/01/2032		5.000%	3.320%	114.300 C	
	08/01/2033		5.000%	3.390%	113.656 C	
	08/01/2034		5.000%	3.450%	113.108 C	
	08/01/2035		5.000%	3.500%	112.654 C	
	08/01/2036		5.000%	3.540%	112.292 C	
		3,110,000.00				
Refunding 2011 Series B TABs, Taxable Serial Bond:						
	08/01/2018	300,000.00	1.600%	1.600%	100.000	
	08/01/2019	335,000.00	2.100%	2.100%	100.000	
	08/01/2020	340,000.00	2.480%	2.480%	100.000	
	08/01/2021	350,000.00	2.750%	2.750%	100.000	
	08/01/2022	450,000.00	3.000%	3.000%	100.000	
	08/01/2023	730,000.00	3.200%	3.200%	100.000	
	08/01/2024	1,675,000.00	3.350%	3.350%	100.000	
	08/01/2025	1,730,000.00	3.490%	3.490%	100.000	
	08/01/2026	1,400,000.00	3.640%	3.640%	100.000	
	08/01/2027	1,450,000.00	3.790%	3.790%	100.000	
	08/01/2028	1,505,000.00	3.940%	3.940%	100.000	
	08/01/2029	640,000.00	4.090%	4.090%	100.000	
		10,905,000.00				
		47,340,019.60				

BOND PRICING

Successor Agency to the Brea Redevelopment Agency
 2017 Tax Allocation Bonds
 Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Dated Date	06/29/2017	
Delivery Date	06/29/2017	
First Coupon	02/01/2018	
Par Amount	47,340,019.60	
Premium	3,528,147.00	
	<hr/>	
Production	50,868,166.60	107.452779%
Underwriter's Discount		
	<hr/>	
Purchase Price	50,868,166.60	107.452779%
Accrued Interest		
	<hr/>	
Net Proceeds	50,868,166.60	

Notes:

The financing was evaluated at interest rates as of 3/15/17 and tax-exempt spreads to the generic 'AAA' municipal yield index ('MMD') of +10 bps in 2018 and increasing +45 bps in 2036. The refunding of the taxable 2011 Series B bonds was done at taxable spreads to comparable treasuries of +30bps in 2018 and increasing to +170 bps in 2029. With respect to the convertible capital appreciation bond interest rates, the financing was evaluated at interest rate spreads to MMD of +75 basis points beginning in 2018, increasing to +180 basis points in 2036.

These spreads are representative of what similarly sized, tax allocation bond credits with underlying credit characteristics similar to the Successor Agency's project area have priced at or traded in the days right ahead of such analysis but in no way does Stifel guarantee the pricing results. Stifel has assumed an underlying AA- rating for the Bonds based on the current bond rating.

Assumptions:

- 1) Refunding bonds have been structured with a 2.5% surety reserve fund (per recent surety reserve funds on similarly rated deals).
- 4) Debt service has been structured to produce proportional annual savings with the same final maturity as the refunded bonds.
- 5) Dated date of 6/29/2017, cost of issuance includes an allowance for the underwriter's discount.

BOND DEBT SERVICE

Successor Agency to the Brea Redevelopment Agency
 Refunding 2003 TABs
 (Refunding of 2003 Tax Allocation Bonds)
 Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2018			776,105.56	776,105.56
08/01/2019			712,750.00	712,750.00
08/01/2020			712,750.00	712,750.00
08/01/2021			712,750.00	712,750.00
08/01/2022			712,750.00	712,750.00
08/01/2023			712,750.00	712,750.00
08/01/2024			712,750.00	712,750.00
08/01/2025			712,750.00	712,750.00
08/01/2026			712,750.00	712,750.00
08/01/2027	6,985,000	5.000%	712,750.00	7,697,750.00
08/01/2028	560,000	5.000%	363,500.00	923,500.00
08/01/2029	585,000	5.000%	335,500.00	920,500.00
08/01/2030	1,060,000	5.000%	306,250.00	1,366,250.00
08/01/2031	2,470,000	5.000%	253,250.00	2,723,250.00
08/01/2032	2,595,000	5.000%	129,750.00	2,724,750.00
	14,255,000		8,579,105.56	22,834,105.56

BOND DEBT SERVICE

Successor Agency to the Brea Redevelopment Agency
Refunding 2011 Series A TABs (CAB Portion)

Period Ending	Principal	Coupon	Interest	Compounded Interest	Debt Service
08/01/2018			214,021.11		214,021.11
08/01/2019	20,000.00	4.000%	196,550.00		216,550.00
08/01/2020	20,000.00	5.000%	195,750.00		215,750.00
08/01/2021	20,000.00	5.000%	194,750.00		214,750.00
08/01/2022	80,000.00	5.000%	193,750.00		273,750.00
08/01/2023	1,865,000.00	5.000%	189,750.00		2,054,750.00
08/01/2024	754,216.00	3.290%	1,097,000.00	165,784.00	2,017,000.00
08/01/2025	785,738.80	3.490%	1,051,000.00	184,261.20	2,021,000.00
08/01/2026			1,002,500.00		1,002,500.00
08/01/2027			1,002,500.00		1,002,500.00
08/01/2028			1,002,500.00		1,002,500.00
08/01/2029			1,002,500.00		1,002,500.00
08/01/2030	40,000.00	5.000%	1,002,500.00		1,042,500.00
08/01/2031	870,000.00	5.000%	1,000,500.00		1,870,500.00
08/01/2032	3,062,166.80	** %	957,000.00	662,833.20	4,682,000.00
08/01/2033	4,386,869.70	4.740%	770,750.00	1,448,130.30	6,605,750.00
08/01/2034	4,588,543.75	4.800%	479,000.00	1,536,456.25	6,604,000.00
08/01/2035	1,262,294.80	4.850%	172,750.00	427,705.20	1,862,750.00
08/01/2036	1,315,189.75	4.890%	88,250.00	449,810.25	1,853,250.00
	19,070,019.60		11,813,321.11	4,874,980.40	35,758,321.11

BOND DEBT SERVICE

Successor Agency to the Brea Redevelopment Agency
Refunding 2011 Series A TABs (CIB Portion)

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2018			169,322.22	169,322.22
08/01/2019			155,500.00	155,500.00
08/01/2020			155,500.00	155,500.00
08/01/2021			155,500.00	155,500.00
08/01/2022			155,500.00	155,500.00
08/01/2023			155,500.00	155,500.00
08/01/2024			155,500.00	155,500.00
08/01/2025			155,500.00	155,500.00
08/01/2026			155,500.00	155,500.00
08/01/2027			155,500.00	155,500.00
08/01/2028			155,500.00	155,500.00
08/01/2029			155,500.00	155,500.00
08/01/2030			155,500.00	155,500.00
08/01/2031	3,110,000	5.000%	155,500.00	3,265,500.00
	3,110,000		2,190,822.22	5,300,822.22

BOND DEBT SERVICE

Successor Agency to the Brea Redevelopment Agency
 Refunding 2011 Series B TABs
 (Refunding 2011 Taxable Tax Allocation Housing Bonds, Series B)
 Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2018	300,000	1.600%	407,929.90	707,929.90
08/01/2019	335,000	2.100%	369,829.50	704,829.50
08/01/2020	340,000	2.480%	362,794.50	702,794.50
08/01/2021	350,000	2.750%	354,362.50	704,362.50
08/01/2022	450,000	3.000%	344,737.50	794,737.50
08/01/2023	730,000	3.200%	331,237.50	1,061,237.50
08/01/2024	1,675,000	3.350%	307,877.50	1,982,877.50
08/01/2025	1,730,000	3.490%	251,765.00	1,981,765.00
08/01/2026	1,400,000	3.640%	191,388.00	1,591,388.00
08/01/2027	1,450,000	3.790%	140,428.00	1,590,428.00
08/01/2028	1,505,000	3.940%	85,473.00	1,590,473.00
08/01/2029	640,000	4.090%	26,176.00	666,176.00
	10,905,000		3,173,998.90	14,078,998.90

BOND DEBT SERVICE

Successor Agency to the Brea Redevelopment Agency
 Refunding 2003 TABs
 (Refunding of 2003 Tax Allocation Bonds)
 Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2018			419,730.56	419,730.56	
08/01/2018			356,375.00	356,375.00	776,105.56
02/01/2019			356,375.00	356,375.00	
08/01/2019			356,375.00	356,375.00	712,750.00
02/01/2020			356,375.00	356,375.00	
08/01/2020			356,375.00	356,375.00	712,750.00
02/01/2021			356,375.00	356,375.00	
08/01/2021			356,375.00	356,375.00	712,750.00
02/01/2022			356,375.00	356,375.00	
08/01/2022			356,375.00	356,375.00	712,750.00
02/01/2023			356,375.00	356,375.00	
08/01/2023			356,375.00	356,375.00	712,750.00
02/01/2024			356,375.00	356,375.00	
08/01/2024			356,375.00	356,375.00	712,750.00
02/01/2025			356,375.00	356,375.00	
08/01/2025			356,375.00	356,375.00	712,750.00
02/01/2026			356,375.00	356,375.00	
08/01/2026			356,375.00	356,375.00	712,750.00
02/01/2027			356,375.00	356,375.00	
08/01/2027	6,985,000	5.000%	356,375.00	7,341,375.00	7,697,750.00
02/01/2028			181,750.00	181,750.00	
08/01/2028	560,000	5.000%	181,750.00	741,750.00	923,500.00
02/01/2029			167,750.00	167,750.00	
08/01/2029	585,000	5.000%	167,750.00	752,750.00	920,500.00
02/01/2030			153,125.00	153,125.00	
08/01/2030	1,060,000	5.000%	153,125.00	1,213,125.00	1,366,250.00
02/01/2031			126,625.00	126,625.00	
08/01/2031	2,470,000	5.000%	126,625.00	2,596,625.00	2,723,250.00
02/01/2032			64,875.00	64,875.00	
08/01/2032	2,595,000	5.000%	64,875.00	2,659,875.00	2,724,750.00
	14,255,000		8,579,105.56	22,834,105.56	22,834,105.56

BOND DEBT SERVICE

Successor Agency to the Brea Redevelopment Agency
Refunding 2011 Series A TABs (CAB Portion)

Period Ending	Principal	Coupon	Interest	Compounded Interest	Debt Service	Annual Debt Service
02/01/2018			115,746.11		115,746.11	
08/01/2018			98,275.00		98,275.00	214,021.11
02/01/2019			98,275.00		98,275.00	
08/01/2019	20,000.00	4.000%	98,275.00		118,275.00	216,550.00
02/01/2020			97,875.00		97,875.00	
08/01/2020	20,000.00	5.000%	97,875.00		117,875.00	215,750.00
02/01/2021			97,375.00		97,375.00	
08/01/2021	20,000.00	5.000%	97,375.00		117,375.00	214,750.00
02/01/2022			96,875.00		96,875.00	
08/01/2022	80,000.00	5.000%	96,875.00		176,875.00	273,750.00
02/01/2023			94,875.00		94,875.00	
08/01/2023	1,865,000.00	5.000%	94,875.00		1,959,875.00	2,054,750.00
02/01/2024			548,500.00		548,500.00	
08/01/2024	754,216.00	3.290%	548,500.00	165,784.00	1,468,500.00	2,017,000.00
02/01/2025			525,500.00		525,500.00	
08/01/2025	785,738.80	3.490%	525,500.00	184,261.20	1,495,500.00	2,021,000.00
02/01/2026			501,250.00		501,250.00	
08/01/2026			501,250.00		501,250.00	1,002,500.00
02/01/2027			501,250.00		501,250.00	
08/01/2027			501,250.00		501,250.00	1,002,500.00
02/01/2028			501,250.00		501,250.00	
08/01/2028			501,250.00		501,250.00	1,002,500.00
02/01/2029			501,250.00		501,250.00	
08/01/2029			501,250.00		501,250.00	1,002,500.00
02/01/2030			501,250.00		501,250.00	
08/01/2030	40,000.00	5.000%	501,250.00		541,250.00	1,042,500.00
02/01/2031			500,250.00		500,250.00	
08/01/2031	870,000.00	5.000%	500,250.00		1,370,250.00	1,870,500.00
02/01/2032			478,500.00		478,500.00	
08/01/2032	3,062,166.80	** %	478,500.00	662,833.20	4,203,500.00	4,682,000.00
02/01/2033			385,375.00		385,375.00	
08/01/2033	4,386,869.70	4.740%	385,375.00	1,448,130.30	6,220,375.00	6,605,750.00
02/01/2034			239,500.00		239,500.00	
08/01/2034	4,588,543.75	4.800%	239,500.00	1,536,456.25	6,364,500.00	6,604,000.00
02/01/2035			86,375.00		86,375.00	
08/01/2035	1,262,294.80	4.850%	86,375.00	427,705.20	1,776,375.00	1,862,750.00
02/01/2036			44,125.00		44,125.00	
08/01/2036	1,315,189.75	4.890%	44,125.00	449,810.25	1,809,125.00	1,853,250.00
	19,070,019.60		11,813,321.11	4,874,980.40	35,758,321.11	35,758,321.11

BOND DEBT SERVICE

Successor Agency to the Brea Redevelopment Agency
Refunding 2011 Series A TABs (CIB Portion)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2018			91,572.22	91,572.22	
08/01/2018			77,750.00	77,750.00	169,322.22
02/01/2019			77,750.00	77,750.00	
08/01/2019			77,750.00	77,750.00	155,500.00
02/01/2020			77,750.00	77,750.00	
08/01/2020			77,750.00	77,750.00	155,500.00
02/01/2021			77,750.00	77,750.00	
08/01/2021			77,750.00	77,750.00	155,500.00
02/01/2022			77,750.00	77,750.00	
08/01/2022			77,750.00	77,750.00	155,500.00
02/01/2023			77,750.00	77,750.00	
08/01/2023			77,750.00	77,750.00	155,500.00
02/01/2024			77,750.00	77,750.00	
08/01/2024			77,750.00	77,750.00	155,500.00
02/01/2025			77,750.00	77,750.00	
08/01/2025			77,750.00	77,750.00	155,500.00
02/01/2026			77,750.00	77,750.00	
08/01/2026			77,750.00	77,750.00	155,500.00
02/01/2027			77,750.00	77,750.00	
08/01/2027			77,750.00	77,750.00	155,500.00
02/01/2028			77,750.00	77,750.00	
08/01/2028			77,750.00	77,750.00	155,500.00
02/01/2029			77,750.00	77,750.00	
08/01/2029			77,750.00	77,750.00	155,500.00
02/01/2030			77,750.00	77,750.00	
08/01/2030			77,750.00	77,750.00	155,500.00
02/01/2031			77,750.00	77,750.00	
08/01/2031	3,110,000	5.000%	77,750.00	3,187,750.00	3,265,500.00
	3,110,000		2,190,822.22	5,300,822.22	5,300,822.22

BOND DEBT SERVICE

Successor Agency to the Brea Redevelopment Agency
 Refunding 2011 Series B TABs
 (Refunding 2011 Taxable Tax Allocation Housing Bonds, Series B)
 Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2018			220,615.15	220,615.15	
08/01/2018	300,000	1.600%	187,314.75	487,314.75	707,929.90
02/01/2019			184,914.75	184,914.75	
08/01/2019	335,000	2.100%	184,914.75	519,914.75	704,829.50
02/01/2020			181,397.25	181,397.25	
08/01/2020	340,000	2.480%	181,397.25	521,397.25	702,794.50
02/01/2021			177,181.25	177,181.25	
08/01/2021	350,000	2.750%	177,181.25	527,181.25	704,362.50
02/01/2022			172,368.75	172,368.75	
08/01/2022	450,000	3.000%	172,368.75	622,368.75	794,737.50
02/01/2023			165,618.75	165,618.75	
08/01/2023	730,000	3.200%	165,618.75	895,618.75	1,061,237.50
02/01/2024			153,938.75	153,938.75	
08/01/2024	1,675,000	3.350%	153,938.75	1,828,938.75	1,982,877.50
02/01/2025			125,882.50	125,882.50	
08/01/2025	1,730,000	3.490%	125,882.50	1,855,882.50	1,981,765.00
02/01/2026			95,694.00	95,694.00	
08/01/2026	1,400,000	3.640%	95,694.00	1,495,694.00	1,591,388.00
02/01/2027			70,214.00	70,214.00	
08/01/2027	1,450,000	3.790%	70,214.00	1,520,214.00	1,590,428.00
02/01/2028			42,736.50	42,736.50	
08/01/2028	1,505,000	3.940%	42,736.50	1,547,736.50	1,590,473.00
02/01/2029			13,088.00	13,088.00	
08/01/2029	640,000	4.090%	13,088.00	653,088.00	666,176.00
	10,905,000		3,173,998.90	14,078,998.90	14,078,998.90

ESCROW REQUIREMENTS

Successor Agency to the Brea Redevelopment Agency
2017 Tax Allocation Bonds
Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Period Ending	Principal	Interest	Compounded Interest	Principal Redeemed	Compound Int Redeemed	Total
08/01/2017	173,391.30	819,953.36	21,608.70	16,475,000.00		17,489,953.36
08/01/2018	351,778.50	910,175.20	98,221.50			1,360,175.20
08/01/2019	340,300.00	904,673.20	119,700.00			1,364,673.20
08/01/2020	324,194.20	898,252.50	135,805.80			1,358,252.50
08/01/2021	312,648.00	891,252.46	152,352.00	27,183,339.35	14,590,807.00	43,130,398.81
	1,502,312.00	4,424,306.72	527,688.00	43,658,339.35	14,590,807.00	64,703,453.07

Notes:

The financing was evaluated at interest rates as of 3/15/17 and tax-exempt spreads to the generic 'AAA' municipal yield index ('MMD') of +10 bps in 2018 and increasing +45 bps in 2036. The refunding of the taxable 2011 Series B bonds was done at taxable spreads to comparable treasuries of +30bps in 2018 and increasing to +170 bps in 2029. With respect to the convertible capital appreciation bond interest rates, the financing was evaluated at interest rate spreads to MMD of +75 basis points beginning in 2018, increasing to +180 basis points in 2036.

These spreads are representative of what similarly sized, tax allocation bond credits with underlying credit characteristics similar to the Successor Agency's project area have priced at or traded in the days right ahead of such analysis but in no way does Stifel guarantee the pricing results. Stifel has assumed an underlying AA- rating for the Bonds based on the current bond rating.

Assumptions:

- 1) Refunding bonds have been structured with a 2.5% surety reserve fund (per recent surety reserve funds on similarly rated deals).
- 4) Debt service has been structured to produce proportional annual savings with the same final maturity as the refunded bonds.
- 5) Dated date of 6/29/2017, cost of issuance includes an allowance for the underwriter's discount.

SUMMARY OF BONDS REFUNDED

Successor Agency to the Brea Redevelopment Agency
2017 Tax Allocation Bonds
Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Bond	Maturity Date	Interest Rate	Par Amount	Value on Jun 29, 2017	Value at Redemption	Call Date	Call Price
2003 TABs, Redevelopment Project AB, 2003:							
2032TERM	08/01/2032	4.450%	16,475,000.00	16,475,000.00	16,475,000.00	07/29/2017	100.000
2011 TABs, Series A, 2011A:							
CAB	08/01/2017	4.260%	73,391.30	94,640.90			
	08/01/2018	4.760%	246,778.50	327,770.70			
	08/01/2019	5.220%	230,300.00	314,279.00			
	08/01/2020	5.560%	209,194.20	291,238.65			
	08/01/2021	5.840%	192,648.00	272,643.15			
	08/01/2022	6.120%	225,042.40	323,756.40	414,255.60	08/01/2021	100.000
	08/01/2023	6.390%	1,548,780.00	2,263,609.20	2,927,542.80	08/01/2021	100.000
	08/01/2024	6.690%	1,374,644.20	2,044,672.00	2,675,938.40	08/01/2021	100.000
	08/01/2025	6.950%	1,242,190.40	1,875,901.80	2,480,468.80	08/01/2021	100.000
	08/01/2026	7.280%	530,754.10	817,070.85	1,094,561.00	08/01/2021	100.000
	08/01/2027	7.370%	485,690.40	751,639.20	1,010,490.00	08/01/2021	100.000
	08/01/2028	7.460%	446,557.10	694,687.85	937,231.55	08/01/2021	100.000
	08/01/2029	7.550%	408,543.25	638,879.95	865,022.45	08/01/2021	100.000
	08/01/2030	7.640%	400,528.80	629,647.20	855,556.80	08/01/2021	100.000
	08/01/2031	7.680%	663,927.00	1,046,166.00	1,423,716.25	08/01/2021	100.000
	08/01/2032	7.720%	1,526,364.00	2,410,657.20	3,285,878.40	08/01/2021	100.000
	08/01/2033	7.810%	1,958,307.30	3,109,060.80	4,252,882.05	08/01/2021	100.000
	08/01/2034	7.880%	1,785,854.25	2,846,808.45	3,904,883.10	08/01/2021	100.000
	08/01/2035	7.940%	459,314.25	734,752.55	1,010,220.90	08/01/2021	100.000
	08/01/2036	7.970%	421,841.90	675,974.75	930,498.25	08/01/2021	100.000
SERIAL	08/01/2031	5.000%	4,315,000.00	4,315,000.00	4,315,000.00	08/01/2021	100.000
			18,745,651.35	26,478,856.60	32,384,146.35		
2011 Taxable Housing TABs, Series B, 2011B:							
SERIAL	08/01/2017	4.740%	100,000.00	100,000.00			
	08/01/2018	5.240%	105,000.00	105,000.00			
	08/01/2019	5.837%	110,000.00	110,000.00			
	08/01/2020	6.087%	115,000.00	115,000.00			
	08/01/2021	6.337%	120,000.00	120,000.00			
	08/01/2022	6.487%	230,000.00	230,000.00	230,000.00	08/01/2021	100.000
	08/01/2023	6.612%	550,000.00	550,000.00	550,000.00	08/01/2021	100.000
	08/01/2024	6.737%	1,625,000.00	1,625,000.00	1,625,000.00	08/01/2021	100.000
	08/01/2025	6.862%	1,735,000.00	1,735,000.00	1,735,000.00	08/01/2021	100.000
2029TERM	08/01/2029	7.392%	5,250,000.00	5,250,000.00	5,250,000.00	08/01/2021	100.000
			9,940,000.00	9,940,000.00	9,390,000.00		
			45,160,651.35	52,893,856.60	58,249,146.35		

SUMMARY OF BONDS REFUNDED

Successor Agency to the Brea Redevelopment Agency
2017 Tax Allocation Bonds
Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Notes:

The financing was evaluated at interest rates as of 3/15/17 and tax-exempt spreads to the generic 'AAA' municipal yield index ('MMD') of +10 bps in 2018 and increasing +45 bps in 2036. The refunding of the taxable 2011 Series B bonds was done at taxable spreads to comparable treasuries of +30bps in 2018 and increasing to +170 bps in 2029. With respect to the convertible capital appreciation bond interest rates, the financing was evaluated at interest rate spreads to MMD of +75 basis points beginning in 2018, increasing to +180 basis points in 2036.

These spreads are representative of what similarly sized, tax allocation bond credits with underlying credit characteristics similar to the Successor Agency's project area have priced at or traded in the days right ahead of such analysis but in no way does Stifel guarantee the pricing results. Stifel has assumed an underlying AA- rating for the Bonds based on the current bond rating.

Assumptions:

- 1) Refunding bonds have been structured with a 2.5% surety reserve fund (per recent surety reserve funds on similarly rated deals).
- 4) Debt service has been structured to produce proportional annual savings with the same final maturity as the refunded bonds.
- 5) Dated date of 6/29/2017, cost of issuance includes an allowance for the underwriter's discount.

PRIOR BOND DEBT SERVICE

Successor Agency to the Brea Redevelopment Agency
2017 Tax Allocation Bonds
Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

Period Ending	Principal	Coupon	Interest	Compounded Interest	Debt Service
08/01/2017	173,391.30	** %	824,026.35	21,608.70	1,019,026.35
08/01/2018	351,778.50	** %	1,643,312.70	98,221.50	2,093,312.70
08/01/2019	340,300.00	** %	1,637,810.70	119,700.00	2,097,810.70
08/01/2020	324,194.20	** %	1,631,390.00	135,805.80	2,091,390.00
08/01/2021	312,648.00	** %	1,624,389.96	152,352.00	2,089,389.96
08/01/2022	455,042.40	** %	1,616,785.56	214,957.60	2,286,785.56
08/01/2023	2,098,780.00	** %	1,601,865.46	1,771,220.00	5,471,865.46
08/01/2024	2,999,644.20	** %	1,565,499.46	1,885,355.80	6,450,499.46
08/01/2025	2,977,190.40	** %	1,456,023.20	2,017,809.60	6,451,023.20
08/01/2026	1,940,754.10	** %	1,336,967.50	1,034,245.90	4,311,967.50
08/01/2027	10,035,690.40	** %	1,232,740.30	1,074,309.60	12,342,740.30
08/01/2028	2,746,557.10	** %	763,194.00	1,118,442.90	4,628,194.00
08/01/2029	1,813,543.25	** %	613,036.50	1,156,456.75	3,583,036.50
08/01/2030	1,645,528.80	** %	529,920.00	1,279,471.20	3,454,920.00
08/01/2031	7,823,927.00	** %	474,517.50	2,361,073.00	10,659,517.50
08/01/2032	4,496,364.00	** %	132,165.00	6,033,636.00	10,662,165.00
08/01/2033	1,958,307.30	7.810%		8,706,692.70	10,665,000.00
08/01/2034	1,785,854.25	7.880%		8,879,145.75	10,665,000.00
08/01/2035	459,314.25	7.940%		2,545,685.75	3,005,000.00
08/01/2036	421,841.90	7.970%		2,583,158.10	3,005,000.00
	45,160,651.35		18,683,644.19	43,189,348.65	107,033,644.19

Notes:

The financing was evaluated at interest rates as of 3/15/17 and tax-exempt spreads to the generic 'AAA' municipal yield index ('MMD') of +10 bps in 2018 and increasing +45 bps in 2036. The refunding of the taxable 2011 Series B bonds was done at taxable spreads to comparable treasuries of +30bps in 2018 and increasing to +170 bps in 2029. With respect to the convertible capital appreciation bond interest rates, the financing was evaluated at interest rate spreads to MMD of +75 basis points beginning in 2018, increasing to +180 basis points in 2036.

These spreads are representative of what similarly sized, tax allocation bond credits with underlying credit characteristics similar to the Successor Agency's project area have priced at or traded in the days right ahead of such analysis but in no way does Stifel guarantee the pricing results. Stifel has assumed an underlying AA- rating for the Bonds based on the current bond rating.

Assumptions:

- 1) Refunding bonds have been structured with a 2.5% surety reserve fund (per recent surety reserve funds on similarly rated deals).
- 4) Debt service has been structured to produce proportional annual savings with the same final maturity as the refunded bonds.
- 5) Dated date of 6/29/2017, cost of issuance includes an allowance for the underwriter's discount.

DISCLAIMER: GENERAL AND FACTUAL

Successor Agency to the Brea Redevelopment Agency
2017 Tax Allocation Bonds
Project Area AB

Assume 'AA-' Rating with Standalone Reserve Surety

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Notes:

The financing was evaluated at interest rates as of 3/15/17 and tax-exempt spreads to the generic 'AAA' municipal yield index ('MMD') of +10 bps in 2018 and increasing +45 bps in 2036. The refunding of the taxable 2011 Series B bonds was done at taxable spreads to comparable treasuries of +30bps in 2018 and increasing to +170 bps in 2029. With respect to the convertible capital appreciation bond interest rates, the financing was evaluated at interest rate spreads to MMD of +75 basis points beginning in 2018, increasing to +180 basis points in 2036.

These spreads are representative of what similarly sized, tax allocation bond credits with underlying credit characteristics similar to the Successor Agency's project area have priced at or traded in the days right ahead of such analysis but in no way does Stifel guarantee the pricing results. Stifel has assumed an underlying AA- rating for the Bonds based on the current bond rating.

Assumptions:

- 1) Refunding bonds have been structured with a 2.5% surety reserve fund (per recent surety reserve funds on similarly rated deals).
- 4) Debt service has been structured to produce proportional annual savings with the same final maturity as the refunded bonds.
- 5) Dated date of 6/29/2017, cost of issuance includes an allowance for the underwriter's discount.

INDENTURE OF TRUST

dated as of June 1, 2017

between the

**SUCCESSOR AGENCY TO THE
BREA REDEVELOPMENT AGENCY**

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
*as Trustee***

Relating to

\$ _____
**Successor Agency To The
Brea Redevelopment Agency
Redevelopment Project AB
2017 Tax Allocation Refunding Bonds, Series A
(Tax-Exempt)**

\$ _____
**Successor Agency To The
Brea Redevelopment Agency
Redevelopment Project AB
2017 Tax Allocation Refunding Bonds, Series B
(Federally Taxable)**

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INDENTURE OF TRUST

This INDENTURE OF TRUST (this “Indenture”), dated as of June 1, 2017, is between the SUCCESSOR AGENCY TO THE BREDA REDEVELOPMENT AGENCY, a public entity duly organized and existing under the laws of the State of California (the “Successor Agency”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”).

B A C K G R O U N D :

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

2. Under the Redevelopment Law, the Former Agency and the City Council of the City of Brea have previously adopted a redevelopment plan for Redevelopment Project AB (the “Redevelopment Project”), a duly designated redevelopment project in the City of Brea.

3. In order to provide financing and refinancing for the Redevelopment Project, the Former Agency has previously issued the following bonds:

- the Brea Redevelopment Agency 2003 Tax Allocation Bonds (Redevelopment Project AB) issued in the aggregate principal amount of \$120,497,865.90 (the “2003 Bonds”), issued in the form of current interest bonds and capital appreciation bonds,
- the Brea Redevelopment Agency 2011 Tax Allocation Bonds, Series A (Redevelopment Project AB) in the aggregate principal amount of \$18,839,323.25 (the “2011 Series A Bonds”), and
- the Brea Redevelopment Agency 2011 Taxable Tax Allocation Housing Bonds, Series B (Redevelopment Project AB) in the aggregate principal amount of \$10,295,000 (the “2011 Series B Bonds”); and

4. The Successor Agency has previously issued its \$96,620,000 aggregate principal amount of Successor Agency To The Brea Redevelopment Agency Redevelopment Project AB 2013 Tax Allocation Refunding Bonds (the “2013 Bonds”), the proceeds of which have been applied to refund a portion of the 2003 Bonds, consisting of the 2003 Bonds which were issued as current interest bonds maturing on August 1 in each of the years 2014 through 2026, inclusive, which 2003 Bonds have been redeemed and are no longer outstanding; and

5. Assembly Bill X1 26, effective June 29, 2011 (the “Dissolution Act”), resulted in the dissolution of the Former Agency and the vesting in the Successor Agency of all of the authority, rights, powers, duties and obligations of the Former

Agency, and pursuant to the Dissolution Act the City Council of the City of Brea has adopted its resolution electing for the City to serve as the Successor Agency.

6. Under Section 34177.5(a)(1) of the Redevelopment Law, the Successor Agency is authorized to issue bonds under Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Bond Law") for the purpose of achieving debt service savings in accordance with the parameters set forth in said Section 34177.5(a)(1).

7. The Successor Agency has authorized the issuance of its Successor Agency To The Brea Redevelopment Agency, Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) in the aggregate principal amount of \$_____ (the "Series A Bonds") for the purpose of refunding all of the outstanding 2003 Bonds which were issued in the form of current interest bonds maturing on August 1, 2032 and all or a portion of the outstanding 2011 Series A Bonds, and thereby achieving debt service savings in accordance with the provisions of Section 34177.5(a)(1) of the Redevelopment Law.

8. The Successor Agency has authorized the issuance of its Successor Agency To The Brea Redevelopment Agency, Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series B (Federally Taxable) in the aggregate principal amount of \$_____ (the "Series B Bonds"), for the purpose of refunding all or a portion of the outstanding 2011 Series B Bonds and thereby achieving debt service savings in accordance with the provisions of Section 34177.5(a)(1) of the Redevelopment Law.

9. The Series A Bonds and the Series B Bonds (collectively, the "Bonds") will be secured by a pledge of and lien on the tax increment revenues derived from the Redevelopment Project which are deposited into the Redevelopment Property Tax Trust Fund and the Redevelopment Obligation Retirement Fund, on a parity with the pledge and lien which secure the 2013 Bonds and the 2003 Bonds which were issued in the form of non-callable capital appreciation bonds.

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

A G R E E M E N T :

In order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding Bonds under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the 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 Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A attached to this Indenture have the respective meanings specified in Appendix A when used in this Indenture. All terms defined in the recitals of this Indenture and not otherwise defined herein shall have the respective meanings given such terms in the recitals.

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

SECTION 1.03. *Interpretation.*

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

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

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

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS

SECTION 2.01. *Authorization and Purpose of Bonds.* The Successor Agency has reviewed all proceedings heretofore taken and as a result of such review has found, and hereby finds and determines, that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The Successor Agency hereby authorizes the issuance of the Series A Bonds under the Refunding Bond Law, for the purpose of providing funds to refinance the outstanding Refunded 2003 Bonds and the outstanding 2011 Series A Bonds. The Series A Bonds shall be designated the "Successor Agency To The Brea Redevelopment Agency, Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)" and shall be issued in the aggregate principal amount of \$_____. The Series A Bonds shall be issued in the form of Capital Appreciation Bonds in the aggregate Denominational Amount of \$_____, Convertible Capital Appreciation Bonds in the aggregate Denominational Amount of \$_____, and Current Interest Bonds in the aggregate principal amount of \$_____.

The Successor Agency hereby authorizes the issuance of the Series B Bonds under the Refunding Bond Law, for the purpose of providing funds to refinance the outstanding 2011 Series B Bonds. The Series B Bonds shall be designated the "Successor Agency To The Brea Redevelopment Agency, Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series B (Federally Taxable)" and shall be issued in the aggregate principal amount of \$_____. The Series B Bonds shall be issued in the form of Current Interest Bonds in the aggregate principal amount of \$_____.

SECTION 2.02. *Terms of the Bonds.*

(a) Terms of Current Interest Bonds. Each Current Interest Bond shall be dated as of the Closing Date and shall be issued in fully registered form without coupons. The Current Interest Bonds shall mature on August 1 in each of the years, and shall bear interest at the respective rates of interest per annum, as set forth in the following tables:

Series A Current Interest Bonds

Maturity Date <u>(August 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
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Series B Current Interest Bonds

Maturity Date <u>(August 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
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Interest on the Current Interest Bonds is payable by the Successor Agency from the Interest Payment Date next preceding the date of authentication thereof unless:

- (i) a Current Interest Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- (ii) a Current Interest Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable by the Successor Agency from the Closing Date, or
- (iii) interest on any Current Interest Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable by the Successor Agency from the date to which interest has been paid in full.

(b) Terms of Capital Appreciation Bonds. Each Capital Appreciation Bonds shall be dated as of the Closing Date. The Capital Appreciation Bonds shall be issued in fully registered form without coupons, and the Maturity Values thereof shall be in denominations of \$5,000 or any integral multiple thereof (except that one Capital Appreciation Bond may be issued in a denomination the Maturity Value of which is not an integral multiple of \$5,000). The Capital Appreciation Bonds shall mature on August 1 in each of the years and in the Maturity Values as set forth in the following tables, and

interest thereon shall compound on each Compounding Date at the respective Accretion Rates set forth in the following table:

Series A Capital Appreciation Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Accretion Rate</u>	<u>Maturity Value</u>
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The Accreted Value of the Capital Appreciation Bonds is payable by the Successor Agency solely at maturity or earlier redemption thereof to the Owners thereof upon presentation and surrender thereof at the Office of the Trustee. The Accreted Value of the Capital Appreciation Bonds will be payable by the Successor Agency in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Trustee.

(c) Terms of Convertible Capital Appreciation Bonds. The Convertible Capital Appreciation Bonds will be issued in fully registered form without coupons in Accreted Values of \$5,000 or any integral multiple thereof through the Conversion Date. Interest on the Capital Appreciation Bonds will compound on each Compounding Date at the respective Accretion Rates set forth in the table below, through the respective Conversion Dates set forth in the table below. On the Conversion Date for any Convertible Capital Appreciation Bond, such Convertible Capital Appreciation Bond will convert to a Current Interest Bond in a principal amount equal to the Accreted Value thereof determined as of the Conversion Date. Thereafter, interest on such Current Interest Bond will continue bear interest at the Accretion Rate, which interest shall be payable by the Successor Agency on each succeeding Interest Payment Date on a current basis, in accordance with subsection (a) above.

The Convertible Capital Appreciation Bonds will be dated as of the Closing Date. The Convertible Capital Appreciation Bonds shall be issued in the Denominational Amounts, convert from Capital Appreciation Bonds to Current Interest Bonds on each of the Conversion Dates, and mature on August 1 in each of the years, as set forth in the following tables:

Series A Convertible Capital Appreciation Bonds

<u>Denominational Amount</u>	<u>Accretion Rate</u>	<u>Conversion Date (August 1)</u>	<u>Maturity Date (August 1)</u>
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Series B Convertible Capital Appreciation Bonds

Denominational <u>Amount</u>	Accretion <u>Rate</u>	Conversion Date <u>(August 1)</u>	Maturity Date <u>(August 1)</u>
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(d) Payment. Interest on the Bonds (including the final interest payment upon maturity) is payable by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; except that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of the Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date to such account as shall be specified in such written request. The principal of the Current Interest Bonds and the Convertible Capital Appreciation Bonds at maturity, and the Accreted Value of the Capital Appreciation Bonds at maturity, is payable in lawful money of the United States of America upon presentation and surrender at the Office of the Trustee.

SECTION 2.03. *Redemption of Bonds.*

(a) Optional Redemption of Series A Bonds. The Series A Bonds maturing on or before August 1, 202_, are not subject to redemption prior to their respective stated maturities. The Series A Bonds maturing on or after August 1, 202_, are subject to redemption in whole, or in part at the Request of the Successor Agency among maturities on such basis as shall be designated by the Successor Agency and by lot within a maturity, at the option of the Successor Agency, on any date on or after August 1, 202_, from any available source of funds, at a redemption price equal to 100% of the principal amount or Accreted Value thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

The Successor Agency shall give the Trustee written notice of its intention to redeem Series A Bonds under this subsection (a), and the principal amount or Accreted Value of each maturity to be redeemed in sufficient time to enable the Trustee to give notice of such redemption in accordance with subsection (c) of this Section.

(b) Optional Redemption of Series B Bonds. The Series B Bonds maturing on or before August 1, 202_, are not subject to redemption prior to their respective stated maturities. The Series B Bonds maturing on or after August 1, 202_, are subject to redemption in whole, or in part at the Request of the Successor Agency among maturities on such basis as shall be designated by the Successor Agency and by lot within a maturity, at the option of the Successor Agency, on any date on or after August 1, 202_, from any available source of funds, at a redemption price equal to 100% of the

principal amount or Accreted Value thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

The Successor Agency shall give the Trustee written notice of its intention to redeem Series B Bonds under this subsection (a), and the principal amount or Accreted Value of each maturity to be redeemed, at least 45 days prior to the designated redemption date.

(c) Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to the Municipal Securities Rulemaking Board, at least 30 but not more than 60 days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so mailed 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 date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date and with regard to optional redemption in the event that funds required to pay the redemption price are not on deposit under the Indenture at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Trustee on or prior to the redemption date.

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

(e) Manner of Redemption. Whenever provision is made in this Section for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, each Current Interest Bond will be deemed to consist of individual bonds of \$5,000 denominations each which may be separately redeemed; each Convertible Capital Appreciation Bond will be deemed to consist of individual bonds of \$5,000 Accreted Value of the respective Conversion Dates each of which may be separately redeemed, and each Capital Appreciation Bond will be deemed to consist of individual bonds of \$5,000 Maturity Value each of which may be separately redeemed.

(f) Partial Redemption of a Bond. If only a portion of a Bond is called for redemption, then upon surrender of such Bond the Successor Agency will 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 series and maturity date, of authorized denominations in aggregate principal amount or Accreted Value equal to the unredeemed portion of the Bond to be redeemed.

(g) Effect of Redemption. If notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, from and after the date fixed for redemption such Bonds shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. Unless otherwise directed in writing by the Successor Agency, the Trustee shall cancel and destroy all Bonds redeemed under this Section.

SECTION 2.04. *Book Entry System.*

(a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond 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 is registered in the name of the Nominee, the Successor Agency and the Trustee have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Successor Agency and the Trustee have no 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 if 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 of and premium, if any, 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 the 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, under this Indenture. Upon delivery by the Depository to the Successor Agency 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 in no way limits the provisions of subsection (a) above or in any other way imposes upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, 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. If 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 hereof.

If the Successor Agency determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Successor Agency may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Successor Agency shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the Successor Agency's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond

and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.05. *Form and Execution of Bonds.* The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

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

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix B, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.06. *Transfer and Exchange of Bonds.*

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

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount or Accreted Value of Bonds of other authorized denominations and of the same Series, interest rate and maturity. The Trustee shall require the Owners of the Bonds requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Successor Agency will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

(c) Limitations. The Trustee may refuse to transfer or exchange, under the provisions of this Section, any Bonds selected by the Trustee for redemption under Section 2.03, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

SECTION 2.07. *Registration Books.* The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours, and upon reasonable notice, be open to inspection by the Successor Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as hereinbefore provided. Upon the occurrence of an Event of Default which requires the Bond Insurer to make payments under the Bond Insurance Policy, the Bond Insurer and any designated agent thereof shall have access to the Registration Books

SECTION 2.08. *Bonds Mutilated, Lost, Destroyed or Stolen.* If a Bond is mutilated, the Successor Agency, at the expense of the Owner of that Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to or upon the order of the Successor Agency. If a Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and if indemnity satisfactory to the Trustee is given, the Successor Agency, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

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

ARTICLE III

DEPOSIT AND APPLICATION OF BOND PROCEEDS

SECTION 3.01. *Issuance of Bonds.* Upon the execution and delivery of this Indenture, the Successor Agency will execute and deliver the Bonds to the Trustee and the Trustee shall authenticate and deliver the Bonds to the Original Purchaser upon receipt of a Request of the Successor Agency therefor.

SECTION 3.02. *Deposit and Application of Bond Proceeds.*

(a) Series A Bond Proceeds. On the Closing Date, the proceeds of sale of the Series A Bonds shall be paid to the Trustee and applied by the Trustee as follows:

- (i) The Trustee shall deposit the amount of \$_____ in the Series A Costs of Issuance Fund.
- (ii) The Trustee shall transfer the amount of \$_____ to the Escrow Bank for deposit and application in accordance with the Escrow Agreement for the purpose of refunding the outstanding Refunded 2003 Bonds and the outstanding 2011 Series A Bonds.

(b) Series B Bond Proceeds. On the Closing Date, the proceeds of sale of the Series B Bonds shall be paid to the Trustee and applied by the Trustee as follows:

- (i) The Trustee shall deposit the amount of \$_____ in the Series B Costs of Issuance Fund.
- (ii) The Trustee shall transfer the amount of \$_____ to the Escrow Bank for deposit and application in accordance with the Escrow Agreement for the purpose of refunding the outstanding 2011 Series B Bonds.

(c) Temporary Accounts for Transfers. The Trustee may establish a temporary fund or account to facilitate any of the transfers which are required to be made under this Section. Any such temporary fund or account shall be closed upon the transfer of all amounts therein under the foregoing subsections (a) and (b).

SECTION 3.03. *Series A Costs of Issuance Fund.* There is hereby established a separate fund to be known as the "Series A Costs of Issuance Fund", which the Trustee shall hold in trust. The Trustee shall disburse moneys in the Series A Costs of Issuance Fund from time to time to pay Costs of Issuance relating to the Series A Bonds upon submission of a Request of the Successor Agency stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Series A Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the Successor Agency; in each case together with a statement or invoice for each amount requested thereunder. Each such Request of the Successor Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On September 1, 2017, the Trustee

shall transfer any amounts remaining in the Series A Costs of Issuance Fund to the Debt Service Fund, and the Trustee shall thereupon close the Series A Costs of Issuance Fund.

SECTION 3.04. *Series B Costs of Issuance Fund.* There is hereby established a separate fund to be known as the "Series B Costs of Issuance Fund", which the Trustee shall hold in trust. The Trustee shall disburse moneys in the Series B Costs of Issuance Fund from time to time to pay Costs of Issuance relating to the Series B Bonds upon submission of a Request of the Successor Agency stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Series B Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the Successor Agency; in each case together with a statement or invoice for each amount requested thereunder. Each such Request of the Successor Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On September 1, 2017, the Trustee shall transfer any amounts remaining in the Series B Costs of Issuance Fund to the Debt Service Fund, and the Trustee shall thereupon close the Series B Costs of Issuance Fund.

SECTION 3.05. *Refunding and Defeasance of Refunded 2003 Bonds and 2011 Bonds.* The Successor Agency hereby covenants that as a result of the deposit and application of the proceeds of the Bonds and a portion of the 2011 Series A Bonds proceeds under the Escrow Agreement, the Refunded 2003 Bonds, the 2011 Series A Bonds and the 2011 Series B Bonds will be refunded and defeased on the Closing Date under and in accordance with the documents authorizing the issuance thereof, and the Refunded 2003 Bonds, the 2011 Series A Bonds and the 2011 Series B Bonds will cease to be secured by and payable from the Tax Revenues.

ARTICLE IV

SECURITY FOR THE BONDS; FLOW OF FUNDS; INVESTMENTS

SECTION 4.01. *Security of Bonds; Equal Security.* For the security of the Bonds, the Successor Agency hereby grants a pledge of and lien on all of the Tax Revenues which are on deposit in the Redevelopment Property Tax Trust Fund, the Redevelopment Obligation Retirement Fund and the Project AB Tax Revenue Fund, until their release pursuant to terms of this Indenture. Such pledge and lien are for the equal security of the Bonds and all outstanding Parity Debt without preference or priority for Series, issue, number, dated date, sale date, date of execution or date of delivery. In addition, (a) the Bonds and all outstanding Parity Debt shall be secured by a first pledge of and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account and the Redemption Account, and (b) the Bonds shall be secured by a first pledge of and lien upon all of the moneys on deposit in the Reserve Account. Except for the Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, this Indenture constitutes a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all Owners of the Bonds and all outstanding Parity Debt without preference, priority or distinction as to security or otherwise of any of the Bonds and all outstanding Parity Debt 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. *Deposit and Application of Tax Revenues.*

The Successor Agency has heretofore established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law, which the Successor Agency shall continue to hold so long as any of the Bonds remain Outstanding or any amounts are due and owing to the Bond Insurer in respect of the Bond Insurance Policy or the Reserve Policy. Within the Redevelopment Obligation Retirement Fund, the Successor Agency has previously established a separate fund known as the "Project AB Tax Revenue Fund." The Successor Agency shall deposit all of the Tax Revenues received in any Bond Year into the Project AB Tax Revenue Fund promptly upon receipt thereof by the Successor Agency.

If the amounts on deposit in the Project AB Tax Revenue Fund are at any time insufficient to enable the Successor Agency to make transfers as required hereunder to pay the principal of and interest on all outstanding Bonds and any Parity Debt in full when due, or to replenish the Reserve Account and the reserve accounts established for any outstanding Parity Debt, the Successor Agency shall make such transfers on a pro rata basis, without preference or priority among all outstanding Bonds and Parity Debt.

Any Tax Revenues received during a Bond Year and held in the Project AB Tax Revenue Fund, to the extent remaining after making the transfers required by Section 4.03, shall be released from the pledge and lien hereunder which secures the Bonds and may be applied for any lawful purposes of the Successor Agency.

The provisions of this Section are subject in all respects to the provisions of the Dissolution Act and other provisions of the Redevelopment Law relating to the deposit and application of the Tax Revenues for the payment of the principal of and interest on the Bonds and any outstanding Parity Debt and for the replenishment of the Reserve Account and the reserve accounts established for any outstanding Parity Debt.

Notwithstanding the foregoing provisions, Tax Revenues shall not be released from the pledge and lien which secures the Bonds unless (a) the amount held on deposit in the Reserve Account at the time of such release is at least equal to the Reserve Requirement, and (b) no amounts are then due and owing to the Bond Insurer in respect of the Bond Insurance Policy or the Reserve Policy.

SECTION 4.03. *Debt Service Fund; Transfer of Amounts to Trustee.* The Trustee shall establish the Debt Service Fund as a special trust fund, which the Trustee shall hold in trust so long as any of the Bonds remain Outstanding or any amounts are due and owing to the Bond Insurer in respect of the Bond Insurance Policy or the Reserve Policy. In addition to the transfers required with respect to payments of the principal of

and interest on Parity Debt, within five Business Days following the receipt by the Successor Agency from the Orange County Auditor-Controller of any Tax Revenues, the Successor Agency shall deposit such Tax Revenues in the Project AB Tax Revenue Fund pursuant to Section 4.02 and shall transfer such Tax Revenues from the Project AB Tax Revenue Fund to the Trustee in the following amounts for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are hereby established with the Trustee, in the following order of priority:

- (a) Interest Account. The Successor Agency shall transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on such date. The Trustee shall apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.
- (b) Principal Account. The Successor Agency shall transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on such date on the Outstanding Bonds. The Trustee will apply amounts in the Principal Account solely for the purpose of paying the principal of the Bonds at the maturity.
- (c) Reserve Account. If and to the extent required pursuant to Section 4.04, the Successor Agency shall transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account (including the reimbursement of all amounts due and owing to the Bond Insurer in respect of the Reserve Policy). Amounts 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, on any date which the principal of or interest on the Bonds becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the Bonds then Outstanding. So long as no Event of Default has occurred and is continuing, any amount in the Reserve Account in excess of the Reserve Requirement on or before the sixth Business Day preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account.
- (d) Redemption Account. On or before the 5th Business Day preceding any date on which Bonds are subject to optional redemption under Sections 2.03(a) or 2.03(b), the Successor Agency will withdraw from the Project AB Tax Revenue Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be so redeemed on such date. The Trustee shall apply amounts in the Redemption Account solely for the purpose of paying the principal of and premium, if any, on the Bonds upon the optional redemption

thereof under Sections 2.03(a) or 2.03(b), on the date set for such redemption.

SECTION 4.04. *Reserve Policy.* The Reserve Requirement will be initially maintained in the form of the issuance of the Reserve Policy. Under the terms and conditions of the Reserve Policy, the Trustee shall deliver to the Bond Insurer a demand for payment under the Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth in Section 4.03(c). The Trustee shall comply with all of the terms and provisions of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Reserve Policy. All amounts drawn by the Trustee under the Reserve Policy will be deposited into the Reserve Account and applied for the purposes thereof.

If the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement (including as a result of a draw under the Reserve Policy), the Trustee shall promptly notify the Successor Agency and the Bond Insurer of such fact and the Successor Agency shall replenish the amount on deposit in the Reserve Account to the full amount of the Reserve Requirement in accordance with the provisions of Section 4.03(c).

SECTION 4.05. *Investment of Moneys in Funds.* The Trustee shall invest moneys in any of the funds established and held by the Trustee hereunder in Permitted Investments specified in the Request of the Successor Agency (which Request will be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two Business Days in advance of the making of such investments. In the absence of any such direction from the Successor Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (d) of the definition thereof; *provided, however*, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the Successor Agency specifying a specific money market fund and, if no such Request of the Successor Agency is so received, the Trustee shall hold such moneys uninvested. The Successor Agency will invest moneys in the Redevelopment Obligation Retirement Fund and the Project AB Tax Revenue Fund in any obligations in which the Successor Agency is legally authorized to invest funds within its control.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture any moneys are required to be transferred by the Successor Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be retained in the respective fund or account from which such investment was made; *provided, however*, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the Successor Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary

charges therefor. The Trustee shall incur no liability for losses arising from any investments made under this Section.

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

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

SECTION 4.06. *Valuation and Disposition of Investments.*

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

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

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

(d) For purposes of this Section, the term "Fair Market Value" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is

acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

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

SECTION 5.02. *Compliance with the Dissolution Act; Recognized Obligation Payment Schedules.* The Successor Agency shall comply with all of the requirements of the Dissolution Act. The Successor Agency shall take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules in each Bond Year so as to enable the Orange County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all Tax Revenues as shall be required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds and any outstanding Parity Debt coming due in such Bond Year, including any amounts due and owing to the Bond Insurer in respect of the Bond Insurance Policy or the Reserve Policy, or required to replenish the Reserve Account and the respective reserve accounts established for any outstanding Parity Debt.

Without limiting the generality of the foregoing paragraph, the Successor Agency will take all actions required under the Redevelopment Law to file Recognized Obligation Payment Schedules on a timely basis in accordance with the Redevelopment Law. For each semiannual period ending each June 30, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

- (a) 100% of the amount of principal of and interest on the Bonds and any outstanding Parity Debt coming due and payable during the current Bond Year;
- (b) any amount then required to replenish the full amount of the Reserve Requirement in the Reserve Account and to replenish the amount in any reserve account established for any outstanding Parity Debt; and

- (c) any amount then required to make payments due to the Bond Insurer in respect of the Bond Insurance Policy or the Reserve Policy.

For each semiannual period ending each December 31, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

- (a) any remaining principal due on the Bonds and any outstanding Parity Debt coming due and payable on the next succeeding August 1 and not reserved or otherwise provided for in the period ending June 30; and
- (b) reserves and amounts due to the Bond Insurer in respect of the Bond Insurance Policy or the Reserve Policy.

The foregoing actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and the California Department of Finance, to the extent required, the amounts to be held by the Successor Agency as a reserve until the next Fiscal Year, as contemplated by Section 34171(d)(1)(A) of the Redevelopment Law, that are required to provide for the payment of principal of and interest on the Bonds.

SECTION 5.03. *Compliance with Plan Limitations.* If and to the extent that the Plan Limitations apply to the Successor Agency under the Dissolution Act, the Successor Agency shall not take any action which causes or which, with the passage of time, would cause any of the Plan Limitations to be exceeded or violated. The Successor Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Successor Agency to pay the principal of and interest and redemption premium (if any) on all Bonds and Parity Debt when due. The Successor Agency shall not accept any Tax Revenues which would cause any of the Plan Limitations to be exceeded.

SECTION 5.04. *Payment of Claims.* The Successor Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant hereto, or which might impair the security of the Bonds. Nothing herein requires the Successor Agency to make any such payment so long as the Successor Agency in good faith contests the validity of said claims.

SECTION 5.05. *Books and Accounts; Financial Statements; Additional Information.* The Successor Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the City, in which complete and correct entries are made of all transactions relating to the Tax Revenues and the Redevelopment Obligation Retirement Fund and the Project AB Tax Revenue Fund. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable

inspection of the Trustee (who has no duty to inspect) and the Bond Insurer and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared annually, within 210 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year, prepared in accordance with applicable provisions of the California Government Code, showing all deposits into and disbursements from the Redevelopment Obligation Retirement Fund and the Project AB Tax Revenue Fund, as of the end of such Fiscal Year. Such financial statements may be combined with or otherwise be a part of the financial statements which are prepared for the City. The Successor Agency will furnish a copy of such statements to the [Bond Insurer](#) and, upon reasonable request, to any Bond Owner. The Trustee has no duty to review any such financial statement.

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 date of issuance of the Bonds, the Successor Agency may not contest the validity or enforceability of the Bonds or this Indenture.

SECTION 5.07. *Payments of Taxes and Other Charges.* 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, when the same comes due. Nothing herein contained requires the Successor Agency to make any such payment so long as the Successor Agency in good faith contests 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 Redevelopment Project or any part thereof.

SECTION 5.08. *Compliance with Parity Debt Documents.* The Successor Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all Parity Debt, in strict conformity with the terms of the respective documents authorizing the issuance thereof. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of the respective documents authorizing the issuance of any outstanding Parity Debt.

SECTION 5.09. *Limitation on Additional Indebtedness.* The Successor Agency hereby covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues; *provided, however,* that the Successor Agency may issue and sell refunding bonds payable from Tax Revenues on a parity with Outstanding Bonds for the purpose of refunding the Bonds or any issue of Parity Debt, if (a) the aggregate amount of debt service on such refunding bonds is lower than the aggregate amount of debt service on the Bonds or Parity Debt being refunded and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Bonds or Parity Debt being refunded. The documents providing for the issuance of any parity obligations under this Section shall provide that:

- (a) interest on such parity obligations is payable on February 1 and August 1 in each year of the term thereof, except the first twelve month period, during which interest may be payable on any date;
- (b) the principal of such parity obligations is payable on August 1 in any year in which principal is payable; and
- (c) the trustee for such parity obligations is the same entity which performs the duties of Trustee for the Bonds.

SECTION 5.10. *Tax Covenants Relating to the Series A Bonds.*

(a) Generally. The Successor Agency may not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Series A Bonds to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the Series A Bonds are not used in a manner which would cause the Series A Bonds to become “private activity bonds” within the meaning of Section 141(a) of the Tax Code or to meet the private loan financing test of Section 141(c) of the Tax Code.

(c) Federal Guarantee Prohibition. The Successor Agency may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(d) 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 Series A Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Series A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Tax Code.

(e) Rebate of Excess Investment Earnings. The Successor Agency shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Series A Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The Successor Agency shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from any source of legally available funds of the Successor Agency. The Successor Agency shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Series A Bonds, records of the determinations made under this subsection (e).

The Trustee has no duty to monitor the compliance by the Successor Agency with any of the covenants contained in this Section.

SECTION 5.11. *Continuing Disclosure.* The Successor Agency will comply with and carry out all of the provisions of the Continuing Disclosure Certificate which has been executed and delivered by the Successor Agency on the Closing Date. Notwithstanding any other provision hereof, failure of the Successor Agency to comply with such Continuing Disclosure Certificate does not constitute an Event of Default hereunder; *provided, however,* that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under this Section.

SECTION 5.12. *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 Bond Insurer and the Bond Owners 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 waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable corporate trustee would exercise or use.

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

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency, and by giving notice of such resignation by first class mail, postage prepaid, to the Bond Insurer and to the Bond Owners at their respective addresses shown on the Registration Books. Upon receiving such notice of

resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, the Bond Insurer or any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Bond Insurer, to each rating agency which then maintains a rating on the Bonds and to the Owners at the addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall: (i) be a company or bank having trust powers, (ii) have a corporate trust office in the State of California, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least \$50,000,000, and (iv) be subject to supervision or examination by federal or state authority.

If such bank or company publishes a report of condition at least annually, under 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 bank or company 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 subsection (c) of this Section.

The Successor Agency will maintain a Trustee acceptable to the Bond Insurer and qualified under the provisions of the foregoing provisions of this subsection (e), so long as any Bonds are Outstanding.

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

SECTION 6.03. *Liability of Trustee.*

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

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

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

(d) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge

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

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

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

(g) The Trustee has no responsibility or liability whatsoever with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, nor shall the Trustee have any obligation to review any such material, and any such review by the Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

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

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

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

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

(l) The Trustee shall 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 give the Trustee Instructions using Electronic Means and the Trustee in its discretion 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 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.

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

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

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

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

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

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

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

SECTION 6.07. *Accounting Records and Financial Statements.* The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries are made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee under this Indenture. Such books of record and account shall be available for inspection by the Successor Agency and the Bond Insurer at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least monthly, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee under this Indenture.

SECTION 6.08. *Provisions Relating to Bond Insurance Policy.* So long as the Bond Insurance Policy remains in effect, the Successor Agency and the Trustee shall comply with all of the terms and provisions set forth in Appendix C relating to the Bond Insurer and the Bond Insurance Policy. Such provisions are hereby incorporated into

this Indenture by this reference, and shall control and supersede any conflicting or inconsistent provisions in this Indenture.

SECTION 6.09. *Provisions Relating to Reserve Policy.* So long as the Reserve Policy remains in effect, the Successor Agency and the Trustee shall comply with all of the terms and provisions set forth in Appendix D relating to the Bond Insurer and the Reserve Policy. Such provisions are hereby incorporated into this Indenture by this reference, and shall control and supersede any conflicting or inconsistent provisions in this Indenture.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 7.01. Amendments Permitted.

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

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

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

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

- (ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the Successor Agency deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the Successor Agency and the Trustee;
- (iii) to amend any provision hereof to assure the exclusion from gross income of interest on the Bonds for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee; or
- (iv) to provide the terms and provisions applicable to any issue of bonds, notes or other obligations on a parity with the Bonds, which are issued in accordance with Section 5.09.

(c) Notice of Amendments. The Successor Agency shall deliver or cause to be delivered a draft of any Supplemental Indenture to S&P, at least 10 days prior to the effective date of such Supplemental Indenture under this Section.

(d) Rights of Trustee. The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

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

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

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

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

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

- (a) Failure to pay any installment of the principal of or interest on any Current Interest Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.
- (b) Failure to pay any installment of Accreted Value of the Capital Appreciation Bonds when due.
- (c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions set forth in this Indenture or in the Bonds which are within its control, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Successor Agency by the Trustee or the Bond Insurer; *provided, however*, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Successor Agency institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.
- (d) The Successor Agency commences a voluntary case under Title 11 of the United States Code or any substitute or successor statute.
- (e) The occurrence and continuation of an event of default under and as defined in the respective documents authorizing the issuance of any outstanding Parity Debt.

For purposes of determining whether any event of default has occurred under and as described in the preceding clauses (a) or (b), no effect shall be given to payments made by the Bond Insurer under the Bond Insurance Policy or the Reserve Policy.

If an Event of Default occurs under this Section and is continuing, the Trustee may, and at the written direction of the Bond Insurer or (with the prior written consent of

the Bond Insurer) at the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) after receiving indemnification to its satisfaction, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity to enforce the rights of the Bond Owners under this Indenture.

Immediately upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall give notice of such Event of Default to the Successor Agency and to the Bond Insurer in writing. Such notice shall also state whether the principal of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Bonds, 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 under 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 has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at an interest rate equal to the highest rate borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, and with the consent of the Bond Insurer (if it has not failed to comply with its payment obligations under the Bond Insurance Policy or the Reserve Policy), 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.

In the event the maturity of the Insured Bonds is accelerated, the Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Bond Insurance Policy with respect to such Insured Bonds shall be fully discharged.

SECTION 8.02. *Notice of Event of Default.* Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency in writing. Such notice must also state whether the principal of the Bonds has been declared to be or have immediately become due and payable as provided in Section 8.01. With respect to any Event of Default described in Section 8.01(a) or (b), the Trustee shall, and with respect to any Event of Default described in Section 8.01(c) the Trustee in its sole discretion may, also give such notice to the Bond Owners in the same manner as provided herein for notices of redemption of the Bonds, which must include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under Section 8.01 (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

SECTION 8.03. *Application of Funds Upon Event of Default.* All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder (other than in the Reserve Account) upon the occurrence of an Event of Default, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order or priority:

First, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and in case such moneys are insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

Third, to the payment of any amounts owed to the Bond Insurer hereunder.

SECTION 8.04. *Power of Trustee to Control Proceedings.* If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties hereunder, whether upon its own discretion, with the consent or at the request of the Bond Insurer or the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action. The Trustee may not, unless there no longer continues an

Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

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

- (a) said Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;
- (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

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

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

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

A waiver of any default by the Bond Insurer or any Bond Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Bond Insurer or any Bond 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 Bond Insurer and upon the Bond Owners by the Redevelopment Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bond Insurer or the Bond Owners.

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

SECTION 8.07. *Actions by Trustee as Attorney-in-Fact.* Any suit, action or proceeding which any Owner has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI. Notwithstanding the foregoing provisions of this Section, the Trustee has no duty to enforce any such right or remedy unless it has been indemnified to its satisfaction for any additional fees, charges and expenses of the Trustee related thereto, including without limitation, fees and charges of its attorneys and advisors.

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

SECTION 8.09. *Rights of the Bond Insurer.* Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Bond Insurer is entitled to control and direct the enforcement of all rights and remedies granted hereunder to the Bond Owners, or to the Trustee for the benefit of the Bond Owners, including but not limited to rights and remedies granted under Section 8.01 and including but not limited to the right to approve all waivers of any Events of Default. The rights granted to the Bond Insurer hereunder shall be deemed terminated and may not be exercisable by the Bond Insurer during any period during which the Bond Insurer is in default under the Bond Insurance Policy or the Reserve Policy.

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 Bond Insurer and the Owners, any right, remedy, claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee, the Bond Insurer and the Owners. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency, the Bond Insurer 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, the Bond Insurer or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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 binds and inures to the benefit of the respective successors and assigns thereof whether so expressed or not.

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

- (a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under this Indenture, in the opinion or report of an Independent Accountant is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;
- (c) by irrevocably depositing with the Trustee or an escrow bank, in trust, Federal Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or
- (d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, then, at the election of the Successor Agency evidenced by a Certificate of the Successor Agency filed with the Trustee, and notwithstanding that any such Bonds have not been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture with respect to such Bonds shall cease and terminate, except only:

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

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

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

Notwithstanding the foregoing provisions of this Section, in the event that the principal of and interest on the Bonds are paid by the Bond Insurer under the Bond Insurance Policy or the Reserve Policy, the obligations of the Trustee and the Successor Agency shall continue in full force and effect and the Bond Insurer shall be fully subrogated to the rights of all Owners of the Bonds so paid. In addition, the obligations of the Trustee and the Successor Agency hereunder shall continue in full force and effect, and shall not be terminated, until such time as the Successor Agency shall have paid all amounts (if any) as shall be due and owing to the Bond Insurer under the Bond Insurance Policy or the Reserve Policy; and the Trustee shall not distribute any funds to the Successor Agency under the preceding paragraph unless the Successor Agency shall have certified to the Trustee that there are no obligations then due and owing by the Successor Agency to the Bond Insurer under the Bond Insurance Policy or the Reserve Policy.

SECTION 9.04. *Application of Provisions to Capital Appreciation Bonds.* Whenever in this Indenture reference is made to the payment of the principal of and interest on the Bonds, such reference includes payment of the Accreted Value and Maturity Value of the Capital Appreciation Bonds, unless otherwise required by the context or by the express provisions of such reference. Whenever in this Indenture any reference is made to the rights of the Owners of the Bonds as measured by the principal amount of such Bonds, the principal amount of the Convertible Capital Appreciation Bonds and the Capital Appreciation Bonds shall be deemed to be the Accreted Value thereof as of the date of exercise of such rights.

SECTION 9.05. *Execution of Documents and Proof of Ownership by Owners.* Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

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

The ownership of Bonds and the amount, maturity, number and date of ownership thereof are conclusively proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond binds all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee in good faith and in accordance therewith.

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

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

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

*If to the Successor
Agency:*

Successor Agency to the Brea Redevelopment Agency
Number One Civic Center Circle, 3rd Floor
Brea, California 92821
Attention: Executive Director
Fax: (714) 990-7600

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust Services
Fax: (213) 630-6179

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

SECTION 9.10. *Unclaimed Moneys.* Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on 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. *Third-Party Beneficiary.* The Bond Insurer shall be deemed to be a third-party beneficiary of this Indenture, with all rights of a third-party beneficiary.

SECTION 9.13. *Governing Law.* This Indenture shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY has caused this Indenture to be signed in its name by the Mayor of the City and attested to by the City Clerk of the City, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., 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 BREA
REDEVELOPMENT AGENCY**

By _____
Mayor
of the City of Brea

Attest:

City Clerk
of the City of Brea

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,**
as Trustee

By _____
Authorized Officer

APPENDIX A

DEFINITIONS

“Accreted Value” means, with respect to any Capital Appreciation Bond and with respect to any Convertible Capital Appreciation Bond prior to its Conversion Date, the total amount of principal thereof and interest payable thereon as of any Compounding Date determined solely by reference to the Table of Accreted Values set forth on such Capital Appreciation Bond or Convertible Capital Appreciation Bond. The Accreted Value of any Capital Appreciation Bond or Convertible Capital Appreciation Bond prior to its Conversion Date, as of any date other than a Compounding Date, will be the sum of (a) the Accreted Value as of the Compounding Date immediately preceding the date as of which the calculation is being made plus (b) interest on the Accreted Value determined under the preceding clause (a), computed to the date as of which the calculation is being made at the Accretion Rate set forth on such Capital Appreciation Bond or Convertible Capital Appreciation Bond (computed on the basis of a 360-day year of twelve 30-day months). The Accreted Value of any Capital Appreciation Bond as of the Maturity Date thereof shall be equal to the Maturity Value of such Capital Appreciation Bond.

“Accretion Rate” means the rate which, when applied to the Denominational Amount of any Capital Appreciation Bond and compounded semiannually on each Compounding Date, produces the Maturity Value of such Capital Appreciation Bond on the maturity date thereof. With respect to any Convertible Capital Appreciation Bond prior to its Conversion Date, the term “Accreted Value” means the rate which, when applied to the Denominational Amount of such Convertible Capital Appreciation Bond, produces the conversion value of such Convertible Capital Appreciation Bond as of its Conversion Date.

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

“Bond Insurance Policy” means the policy of municipal bond insurance policy issued by the Bond Insurer which insures the payment when due of principal of and interest on the Insured Bonds.

“Bond Insurer” means _____, its successors and assigns, as issuer of the Bond Insurance Policy and the Reserve Policy.

“Bond Year” means any twelve-month period beginning on August 2 in any year and extending to the next succeeding August 1, both dates inclusive; except that the first Bond Year begins on the Closing Date and ends on August 1, 2017.

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

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

“Capital Appreciation Bonds” means the Series A Bonds which are designated as such in Section 2.02(b), the interest on which is compounded semiannually on each Compounding Date and is payable in full at maturity as shown in the table of Accreted Value for the Capital Appreciation Bonds.

“Certificate of the Successor Agency” means a certificate in writing signed by the Mayor, the City Manager or the Administrative Services Director of the City, or any other officer of the City, acting on behalf of the Successor Agency and duly authorized by the Successor Agency for that purpose.

“City” means the City of Brea, California.

“Closing Date” means June __, 2017, being the date on which the Bonds are delivered by the Successor Agency to the Original Purchaser.

“Compounding Date” means (a) with respect to any Capital Appreciation Bond, each February 1 and August 1, commencing August 1, 2017, to and including the date of maturity or redemption of such Capital Appreciation Bond, and (b) with respect to any Convertible Capital Appreciation Bond, each February 1 and August 1, commencing August 1, 2017, to and including the Conversion Date of such Convertible Capital Appreciation Bond.

“Conversion Date” means, with respect to any Convertible Capital Appreciation Bond, the date on which such Convertible Capital Appreciation Bond automatically converts from a Capital Appreciation Bond to a Current Interest Bond.

“Convertible Capital Appreciation Bonds” means the Series A Bonds which are designated as such in Section 2.02(c), the interest on which is compounded semiannually on each Compounding Date to and including the respective Conversion Dates, and the interest on which is payable thereafter on a current basis on each Interest Payment Date.

“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 related Series of Bonds and the refunding of the Refunded 2003 Bonds, the 2011 Series A Bonds and the 2011 Series B Bonds, including but not limited to: staff and administrative costs of the Successor Agency; printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee, the Escrow Bank and their respective counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; Bond Insurance Policy and Reserve Policy premiums; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds and the current refunding of the Prior Loans.

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

“Current Interest Bonds” means the Bonds which are designated as such in Section 2.02(a), the interest on which is payable on a current basis on each Interest Payment Date.

“Debt Service Fund” means the fund by that name which is established and held by the Trustee under Section 4.03.

“Denominational Amount” means, with respect to any Capital Appreciation Bond or Convertible Capital Appreciation Bond, the original amount of such Capital Appreciation Bond or Convertible Capital Appreciation Bond as of the Closing Date.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.04.

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

“Dissolution Act” means (a) Assembly Bill X1 26, signed by the Governor of the State of California on June 28, 2011, and filed with the Secretary of State of California on June 29, 2011, including as a part thereof, Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of the Redevelopment Law, and (b) Assembly Bill No. 1484, signed by the Governor of the State of California on June 27, 2012, and filed with the Secretary of State of California on June 27, 2012.

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

“Escrow Agreement” means the Escrow Agreement dated the Closing Date, among the Authority, the Successor Agency and the Escrow Bank, relating to the deposit and application of the proceeds of the Bonds and other funds to pay and discharge the Refunded 2003 Bonds, the 2011 Series A Bonds and the 2011 Series B Bonds.

“Escrow Bank” means The Bank of New York Mellon Trust Company, N.A., as escrow bank under the Escrow Agreement.

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

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

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

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

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

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

“Insured Bonds” means the Series A Bonds maturing on August 1 in each of the years _____ through _____, inclusive, and the Series B Bonds maturing on August 1 in each of the years _____ through _____, inclusive.

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

“Interest Payment Date” means (a) with respect to any Current Interest Bond, each February 1 and August 1 commencing February 1, 2018, and (b) with respect to any Convertible Capital Appreciation Bond, each February 1 and August 1 following the Conversion Date thereof.

“Maturity Value” means, with respect to any Capital Appreciation Bond, the Accreted Value of such Capital Appreciation Bond to be paid at maturity.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

“Non-Refunded 2003 Bonds” means the 2003 Bonds which were issued in the form of non-callable capital appreciation bonds maturing on August 1 in each of the years 2030 through 2032, inclusive.

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in Section 9.07, or at such other or additional offices as may be specified by the Trustee in writing to the Successor Agency; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

“Original Purchaser” means Stifel Nicolaus & Co., Incorporated, as original purchaser of the Bonds on the Closing Date.

“Outstanding”, when used as of any particular time with reference to Bonds, means all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered

to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

“Owner” 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 (a) the Non-Refunded 2003 Bonds, (b) the 2013 Bonds, and (c) any notes, bonds or other obligations which are issued following the Closing Date for the purpose of refunding any Bonds, Non-Refunded 2003 Bonds, 2013 Bonds or other issue of Parity Debt in whole or in part as permitted by the Dissolution Act.

“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:

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the Successor Agency itself): (i) certificates of beneficial ownership of the Farmers Home Administration; (ii) Federal Housing Administration debentures; (iii) participation certificates of the General Services Administration; (iv) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.
- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the Successor Agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System.
- (d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or

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

- (e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P, which collateral must be held by a third party and provided that the Trustee must have a perfected first security interest in such collateral.
- (f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by FDIC, or which are issued by a bank the short-term obligations of which are rated "A-1+ or better by S&P.
- (g) Commercial paper rated "A-1+" or better by S&P at the time of purchase.
- (h) Bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by such agencies.
- (i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-1+" by S&P.
- (j) 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 for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

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

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

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

“Project AB Tax Revenue Fund” means the fund by that name established and held by the Successor Agency.

“Recognized Obligation Payment Schedule” means the schedule by that name prepared in accordance with the requirements of Section 34177(l) of the Redevelopment Law.

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

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

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

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

“Redevelopment Plan” means the Redevelopment Plan for Redevelopment Project Area “AB”, approved by Ordinance No. 715 enacted by the City Council of the City on May 19, 1981, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law, including but not limited to the amendments made pursuant to Ordinance No. 752 adopted by the City Council of the City on December 6, 1983, the amendments made pursuant to Ordinance No. 866 adopted by the City Council of the City on July 6, 1989, and the amendments made pursuant to Ordinance Nos. 1149 and 1150 adopted by the City Council of the City on March 1, 2011.

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

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

“Refunded 2003 Bonds” means the 2003 Bonds which were issued in the form of current interest bonds maturing on August 1, 2032.

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

“Registration Books” means the records maintained by the Trustee under Section 2.06 for the registration and transfer of ownership of the Bonds.

“Request of the Successor Agency” means a request in writing signed by the Mayor, the City Manager or the Administrative Services Director of the City, or any other officer of the City, acting on behalf of the Successor Agency and duly authorized by the Successor Agency for that purpose.

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

“Reserve Policy” means the Municipal Bond Debt Service Reserve Policy issued by the Bond Insurer for the account of the Reserve Account.

“Reserve Requirement” means an amount equal to \$_____, being the lesser of maximum annual debt service, 10% of the par amount of the Bonds or 125% of average annual debt service, determined as of the Closing Date, or such lesser amount as may be permitted under the Tax Code.

“S&P” means Standard & Poor’s Global Ratings, of New York, New York, 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 Request of the Successor Agency delivered by the Successor Agency to the Trustee.

“Series” means either the Series A Bonds or the Series B Bonds.

“Series A Bonds” means the Successor Agency To The Brea Redevelopment Agency Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) issued by the Successor Agency in the aggregate principal amount of \$_____ under the Redevelopment Law and this Indenture.

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

“Series B Bonds” means the Successor Agency To The Brea Redevelopment Agency Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series B (Federally Taxable) issued by the Successor Agency in the aggregate principal amount of \$_____ under the Redevelopment Law and this Indenture.

“Series B Costs of Issuance Fund” means the fund by that name established and held by the Trustee under Section 3.04.

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

“Supplemental Indenture” means any indenture, agreement or other instrument which amends, supplements or modifies this Indenture and which has been duly entered

into between the Successor Agency and the Trustee; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

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

“Tax Revenues” means amounts required to be deposited from time to time in the Redevelopment Property Tax Trust Fund in accordance with Section 34183(a)(2) of the Redevelopment Law, which amounts are derived from property tax revenues (formerly, tax increment) allocated with respect to the Project Area under Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California and as provided in the Redevelopment Plan including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but not including amounts of such taxes which are required to be paid under the Tax Sharing Agreements or the Tax Sharing Statutes, but only to the extent such amounts are not subordinated to the payment of debt service on the Bonds.

“Tax Sharing Agreements” means, collectively: (a) the Owner Participation Agreement executed by the Agency on February 5, 1988, between the Agency and Corporate Property Investors, as amended; and (b) the Agreement dated May 15, 1984, among the Agency, the City, the County, the Orange County Flood Control District and the Orange County Harbors, Beaches and Parks District.

“Tax Sharing Statutes” means the provisions of the Redevelopment Law, including but not limited to Sections 33607.5, 33607.7 and 33676 thereof, under which a taxing entity is entitled to receive an amount which would otherwise constitute a portion of the Tax Revenues by operation of such statutory provision.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., as Trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

“2003 Bonds” means the the Brea Redevelopment 2003 Tax Allocation Bonds (Redevelopment Project AB) issued by the Former Agency in the aggregate principal amount of \$120,497,865.90 to provide financing for the Redevelopment Project.

“2011 Series A Bonds” means the Brea Redevelopment Agency 2011 Tax Allocation Bonds, Series A (Redevelopment Project AB) issued by the Former Agency in the aggregate principal amount of \$18,839,323.25 to provide financing for the Redevelopment Project.

“2011 Series B Bonds” means the Brea Redevelopment Agency 2011 Tax Allocation Bonds, Series B (Redevelopment Project AB) issued by the Former Agency in the aggregate principal amount of \$10,295,000 to provide financing for the Redevelopment Project.

"2013 Bonds" means means the Successor Agency To The Brea Redevelopment Agency Redevelopment Project AB 2013 Tax Allocation Refunding Bonds issued by the Successor Agency in the aggregate principal amount of \$96,620,000 to refund a portion of the 2003 Bonds.

APPENDIX B

FORM OF SERIES A BOND

No.

\$

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY

Redevelopment Project AB
2017 Tax Allocation Refunding Bond, Series A
(Tax-Exempt)

RATE OF INTEREST: MATURITY DATE: ORIGINAL ISSUE DATE: CUSIP:
August 1,

REGISTERED OWNER:

PRINCIPAL AMOUNT: *** THOUSAND DOLLARS***

The SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Agency"), for value received, hereby promises to pay (but only out of the Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the first calendar day of the month in which such Interest Payment Date occurs (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to January 15, 2018, in which event it shall bear interest from the Original Issue Date identified above; *provided, however*, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on February 1 and August 1 in each year, commencing February 1, 2018 (the "Interest Payment Dates") until payment of such Principal Amount in full.

The Principal Amount hereof is payable upon presentation hereof at the corporate office of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), in Los Angeles, California, or such other place as designated by the Trustee. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Bonds which written request is on file with the Trustee prior to the Record Date immediately preceding any Interest Payment Date, interest on such Bonds shall be paid on such Interest Payment Date by wire transfer to such account within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the "Successor Agency To The Brea Redevelopment Agency Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series A (Tax-Exempt)" (the "Bonds") of an aggregate principal amount of \$_____ all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities or interest rates) and all issued under the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law") and the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, and under an Indenture of Trust dated as of June 1, 2017, between the Successor Agency and the Trustee (the "Indenture"). The Bonds have been authorized to be issued by the Successor Agency under a resolution of the Successor Agency adopted on April 4, 2017. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all supplements thereto and to the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the 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 the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency to refinance certain indebtedness previously incurred by the former Brea Redevelopment Agency under the Redevelopment Law in connection with the Redevelopment Project AB in the City of Brea, California (the "Project Area"), a duly designated redevelopment project area under the laws of the State of California.

This Bond and the interest hereon are payable from, and are secured by a charge and lien on the Tax Revenues derived by the Successor Agency from the Project Area. As and to the extent set forth in the Indenture, all of the Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest on the Bonds. Notwithstanding the foregoing, certain amounts out of Tax Revenues may be applied for other purposes as provided in the Indenture.

This Bond is not a debt of the City of Brea, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political

subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties other than the Tax Revenues.

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

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

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

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

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to 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 in this Bond.

This Bond is not entitled to any benefit under the Indenture and is not valid or obligatory for any purpose until the certificate of authentication hereon endorsed has been signed by the Trustee.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY has caused this Bond to be executed in its name and on its behalf with the facsimile signature of the Mayor of the City of Brea, and has caused this Bond to be attested to by the facsimile signature of the City Clerk of the City of Brea, all as of the Original Issue Date specified above.

**SUCCESSOR AGENCY TO THE BREA
REDEVELOPMENT AGENCY**

By _____
Mayor
of the City of Brea

Attest:

City Clerk
of the City of Brea

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated:

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

By _____
Authorized Signatory

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

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

FORM OF SERIES B BOND

No.

\$

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY

Redevelopment Project AB
2017 Tax Allocation Refunding Bond,
Series B (Federally Taxable)

RATE OF INTEREST: MATURITY DATE: ORIGINAL ISSUE DATE: CUSIP:
August 1,

REGISTERED OWNER:

PRINCIPAL AMOUNT: *** THOUSAND DOLLARS***

The SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Agency"), for value received, hereby promises to pay (but only out of the Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the first calendar day of the month in which such Interest Payment Date occurs (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to January 15, 2018, in which event it shall bear interest from the Original Issue Date identified above; *provided, however*, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on February 1 and August 1 in each year, commencing February 1, 2018 (the "Interest Payment Dates") until payment of such Principal Amount in full.

The Principal Amount hereof is payable upon presentation hereof at the corporate office of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), in Los Angeles, California, or such other place as designated by the Trustee. Interest hereon is payable by check of the Trustee mailed by first class mail on each

Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Bonds which written request is on file with the Trustee prior to the Record Date immediately preceding any Interest Payment Date, interest on such Bonds shall be paid on such Interest Payment Date by wire transfer to such account within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the "Successor Agency To The Brea Redevelopment Agency Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series B (Federally Taxable)" (the "Bonds") of an aggregate principal amount of \$_____, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities or interest rates) and all issued under the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law") and the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, and under an Indenture of Trust dated as of June 1, 2017, between the Successor Agency and the Trustee (the "Indenture"). The Bonds have been authorized to be issued by the Successor Agency under a resolution of the Successor Agency adopted on April 4, 2017. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all supplements thereto and to the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the 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 the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency to refinance certain indebtedness previously incurred by the former Brea Redevelopment Agency under the Redevelopment Law in connection with the Redevelopment Project AB in the City of Brea, California (the "Project Area"), a duly designated redevelopment project area under the laws of the State of California.

This Bond and the interest hereon are payable from, and are secured by a charge and lien on the Tax Revenues derived by the Successor Agency from the Project Area. As and to the extent set forth in the Indenture, all of the Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest on the Bonds. Notwithstanding the foregoing, certain amounts out of Tax Revenues may be applied for other purposes as provided in the Indenture.

This Bond is not a debt of the City of Brea, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties other than the Tax Revenues.

The rights and obligations of the Successor Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the

terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the owners required to effect any such modification or amendment.

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

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

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

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to 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 in this Bond.

This Bond is not entitled to any benefit under the Indenture and is not valid or obligatory for any purpose until the certificate of authentication hereon endorsed has been signed by the Trustee.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY has caused this Bond to be executed in its name and on its behalf with the facsimile signature of the Mayor of the City of Brea, and has caused this Bond to be attested to by the facsimile signature of the City Clerk of the City of Brea, all as of the Original Issue Date specified above.

**SUCCESSOR AGENCY TO THE BREA
REDEVELOPMENT AGENCY**

By _____
Mayor
of the City of Brea

Attest:

City Clerk
of the City of Brea

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated:

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

By _____
Authorized Signatory

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

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

APPENDIX C

PROVISIONS RELATING TO BOND INSURANCE POLICY

The following terms and provisions are hereby incorporated into this Indenture by this reference. Such provisions shall control and supersede any conflicting or inconsistent provisions in this Indenture.

APPENDIX D

PROVISIONS RELATING TO RESERVE POLICY

The following terms and provisions are hereby incorporated into this Indenture by this reference. Such provisions shall control and supersede any conflicting or inconsistent provisions in this Indenture.

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement"), dated as of June 1, 2017, is between the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, a public agency organized and existing under the laws of the State of California (the "Successor Agency"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, acting as escrow agent (the "Escrow Agent") and as trustee for the Refunded Bonds described below.

BACKGROUND:

1. Pursuant to Section 34172(a) of the California Health and Safety Code, the Brea Redevelopment Agency (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and the City Council of the City of Brea has elected to serve as the successor entity to the Former Agency.

2. In order to provide financing and refinancing for Redevelopment Project AB of the Former Agency, the Former Agency has previously issued the following bonds:

- the Brea Redevelopment Agency 2003 Tax Allocation Bonds (Redevelopment Project AB) issued in the aggregate principal amount of \$120,497,865.90 (the "2003 Bonds") under an Indenture of Trust dated as of July 1, 2003 (the "2003 Bond Indenture"), between the Former Agency and BNY Western Trust Company, as trustee,
- the Brea Redevelopment Agency 2011 Tax Allocation Bonds, Series A (Redevelopment Project AB) in the aggregate principal amount of \$18,839,323.25 (the "2011 Series A Bonds") under an Indenture of Trust dated as of June 1, 2011 (the "2011 Series A Bond Indenture"), between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, and
- the Brea Redevelopment Agency 2011 Taxable Tax Allocation Housing Bonds, Series B (Redevelopment Project AB) in the aggregate principal amount of \$10,295,000 (the "2011 Series B Bonds") under an Indenture of Trust dated as of June 1, 2011 (the "2011 Series B Bond Indenture"), between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee; and

3. The Successor Agency has previously issued its \$96,620,000 aggregate principal amount of Successor Agency To The Brea Redevelopment Agency Redevelopment Project AB 2013 Tax Allocation Refunding Bonds (the "2013 Bonds"), the proceeds of which have been applied to refund a portion of the 2003 Bonds, consisting of the 2003 Bonds which were issued as current interest bonds maturing on August 1 in each of the years 2014 through 2026, inclusive, which 2003 Bonds have been redeemed and are no longer outstanding; and

4. In order to provide funds to refund the outstanding 2003 Bonds which constitute current interest bonds, and the outstanding 2011 Series A Bonds, the Successor Agency has authorized the issuance of its Successor Agency To The Brea Redevelopment Agency, Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) in the aggregate principal amount of \$_____ (the "2017 Series A Bonds") under an Indenture of Trust dated as of June 1, 2017 (the "2017 Bond Indenture"), between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2017 Bond Trustee").

5. In order to provide funds to refund the outstanding 2011 Series B Bonds, the Successor Agency has authorized the issuance of its Successor Agency To The Brea Redevelopment Agency, Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series B (Federally Taxable) in the aggregate principal amount of \$_____ (the "2017 Series B Bonds") under the 2017 Bond Indenture.

6. The Successor Agency wishes to appoint the Escrow Agent for the purpose of establishing irrevocable escrow funds to be funded, invested, held and administered for the purpose of providing for the refunding of the outstanding 2003 Bonds which constitute current interest bonds, the 2011 Series A Bonds and the 2011 Series B Bonds (collectively, the "Refunded Bonds"), on the respective dates and at the respective redemption prices as set forth in this Agreement.

A G R E E M E N T :

In consideration of the premises and the material covenants contained herein, the Successor Agency and the Escrow Agent hereby agree as follows:

SECTION 1. *Appointment of Escrow Agent.* The Successor Agency hereby appoints the Escrow Agent to act as escrow agent for purposes of administering the funds required to refund the Refunded Bonds in accordance with the 2003 Bond Indenture, the 2011 Series A Bond Indenture and the 2011 Series B Bond Indenture, respectively.

SECTION 2. *Establishment of Escrow Funds.* The Escrow Agent is hereby directed to establish an escrow fund (the "Tax-Exempt Escrow Fund") for the refunding of the outstanding 2003 Bonds which constitute current interest bonds, and the outstanding 2011 Series A Bonds. The Escrow Agent is hereby further directed to establish an escrow fund (the "Taxable Escrow Fund") for the refunding of the 2011 Series B Bonds.

The Tax-Exempt Escrow Fund and the Taxable Escrow Fund (collectively, the "Escrow Funds") shall be held in trust as an irrevocable escrow for the uses and purposes set forth herein. If at any time the Escrow Agent receives actual knowledge that the cash and securities in the Escrow Funds will not be sufficient to make any payment required by Sections 6 and 7, the Escrow Agent shall notify the Successor Agency of such fact and the Successor Agency shall immediately cure such deficiency from any source of legally available funds. The Escrow Agent has no liability for any such insufficiency.

The Escrow Agent may conclusively rely upon the verification report of Causey Demgen & Moore P.C. as to the sufficiency of the funds on deposit in the Escrow Funds to make the payments required for the redemption in full of the Refunded Bonds.

SECTION 3. *Deposit of Amounts in Tax-Exempt Escrow Funds.* On June __, 2017 (the "Closing Date"), the Successor Agency shall cause to be transferred to the Escrow Agent for deposit into the Tax-Exempt Escrow Fund the amount of \$_____ in immediately available funds, to be derived from the following sources in the following respective amounts:

- (a) from the proceeds of the 2017 Series A Bonds in the amount of \$_____;
- (b) from tax increment revenues held in respect of the payment of debt service on the 2003 Bonds and the 2011 Series A Bonds in the amount of \$_____;
- (c) from the amounts held in the Redevelopment Fund which has been established for the 2011 Series A Bonds under Section 3.04 of the 2011 Series A Bond Indenture, in the amount of \$_____; and
- (d) from the Reserve Account which has been established for the 2011 Series A Bonds under Section 4.04(c) of the 2011 Series A Bond Indenture, in the amount of \$_____.

SECTION 4. *Deposit of Amounts in Taxable Escrow Fund.* On the Closing Date, the Successor Agency shall cause to be transferred to the Escrow Agent for deposit into the Taxable Escrow Fund the amount of \$_____ in immediately available funds, to be derived from the following sources in the following respective amounts:

- (a) from the proceeds of the 2017 Series B Bonds in the amount of \$_____;
- (b) from tax increment revenues held in respect of the payment of debt service on the 2011 Series B Bonds in the amount of \$_____;
and
- (c) from the Reserve Account which has been established for the 2011 Series B Bonds under Section 4.04(c) of the 2011 Series B Bond Indenture, in the amount of \$_____.

SECTION 5. *Investment of Amounts in Escrow Funds.* The Escrow Agent shall invest the amount of \$_____ on deposited in the Tax-Exempt Escrow Fund in the following securities, and shall hold the remaining \$_____ in cash, uninvested.

<u>Security</u>	<u>CUSIP</u>	<u>Par Amount</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Total Cost</u>
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The Escrow Agent shall invest the amount of \$_____ on deposited in the Taxable Escrow Fund in the following securities, and shall hold the remaining \$_____ in cash, uninvested.

<u>Security</u>	<u>CUSIP</u>	<u>Par Amount</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Total Cost</u>
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The Escrow Agent has no power or duty to invest any funds held under this Escrow Agreement except as provided in this Section. The Escrow Agent has no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

SECTION 6. *Application of Amounts in Tax-Exempt Escrow Fund.* The Escrow Agent, in its capacity as trustee for the 2003 Bonds, shall apply the amounts on deposit in the Tax-Exempt Escrow Fund to pay and redeem the 2003 Bonds which constitute current interest bonds, in accordance with the following schedule:

<u>Payment Date</u>	<u>Interest Payment</u>	<u>Redeemed Principal</u>	<u>Total Payment</u>
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The Escrow Agent, in its capacity as trustee for the 2011 Series A Bonds, shall apply the amounts on deposit in the Tax-Exempt Escrow Fund to pay and redeem the 2011 Series A Bonds, in accordance with the following schedule:

<u>Payment Date</u>	<u>Interest Payment</u>	<u>Redeemed Principal</u>	<u>Total Payment</u>
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Following the payment and redemption in respect of the 2003 Bonds which constitute current interest bonds, and the 2011 Series A Bonds, the Escrow Agent shall transfer any amounts remaining on deposit in the Tax-Exempt Escrow Fund to the 2017 Bond Trustee to be applied to pay interest next coming due and payable on the 2017 Series A Bonds.

SECTION 7. *Application of Amounts in Taxable Escrow Fund.* The Escrow Agent, in its capacity as trustee for the 2011 Series B Bonds, shall apply the amounts on deposit in the Taxable Escrow Fund to pay and redeem the 2011 Series B Bonds, in accordance with the following schedule:

<u>Payment Date</u>	<u>Interest Payment</u>	<u>Redeemed Principal</u>	<u>Total Payment</u>
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Following the payment and redemption in respect of the 2011 Series B Bonds, the Escrow Agent shall transfer any amounts remaining on deposit in the Taxable Escrow Fund to the 2017 Bond Trustee to be applied to pay interest next coming due and payable on the 2017 Series B Bonds.

SECTION 8. *Irrevocable Election to Redeem Refunded Bonds.* The Successor Agency hereby irrevocably elects to redeem the 2003 Bonds which constitute current interest bonds on _____, 2017, in accordance with Section 2.03(a) of the 2003 Bond Indenture. The Successor Agency hereby irrevocably elects to redeem the 2011 Series A Bonds on August 1, 2021, in accordance with Section 2.03(a) and 2.03(b) of the 2011 Series A Bond Indenture. The Successor Agency hereby irrevocably elects to redeem the 2011 Series B Bonds on August 1, 2021, in accordance with Section 2.03(a) of the 2011 Series B Bond Indenture.

Notice of redemption of the Refunded Bonds shall be given by the Escrow Agent, in its capacity as the trustee for each respective issue of the Refunded Bonds, in accordance with the respective provisions of the 2003 Bond Indenture, the 2011 Series A Bond Indenture and the 2011 Series B Bond Indenture, at the expense of the Successor Agency.

SECTION 9. *Resignation of Escrow Agent.* The Escrow Agent may at any time resign by giving written notice of such resignation to the Successor Agency, and 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 at the expense of the Successor Agency 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 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.

SECTION 10. *Compensation to Escrow Agent.* The Successor Agency shall pay the Escrow Agent full compensation for its services under this Agreement, including reimbursing the Escrow Agent for its out-of-pocket costs such as publication costs, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase, substitution or withdrawal of any Escrow Securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Escrow Funds be deemed to be available for said purposes. The Escrow Agent has no lien upon or right of set off against the cash and Escrow Securities at any time on deposit in the Escrow Funds.

The Successor Agency shall indemnify, defend and hold harmless the Escrow Agent and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent

directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby, except to the extent caused by the Escrow Agent's gross negligence or willful misconduct. The provisions of this Section shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

SECTION 11. *Immunities and Liability of Escrow Agent.* The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not have any liability hereunder except to the extent of its gross negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The Escrow Agent shall not be liable for any loss from any investment made by it in accordance with the terms of this Agreement. The Escrow Agent may consult with legal counsel of its own choice and the Escrow Agent shall not be liable for any action taken or not taken by it in good faith in reliance upon the opinion or advice of such counsel. The Escrow Agent shall not be liable for the recitals or representations contained in this Agreement and shall not be responsible for the validity of this Agreement, the sufficiency of the Escrow Funds or the moneys and Escrow Securities to pay the principal, interest and redemption price of the Refunded Bonds.

Whenever in the administration of this Agreement the Escrow Agent deems it necessary or desirable that a matter be proved or established prior to taking or not taking any action, such matter may be deemed to be conclusively proved and established by a certificate of an authorized representative of the Successor Agency and shall be full protection for any action taken or not taken by the Escrow Agent in good faith reliance thereon.

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

None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of *force majeure*. The term "*force majeure*" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. *Force majeure* includes acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall

be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Agreement and delivered using Electronic Means ("Electronic Means" means mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); *provided, however*, that the Successor Agency shall provide to the Escrow Agent an incumbency certificate listing officers with the Successor Agency 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 give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The Successor Agency understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Successor Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent 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 Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such 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 Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent 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 Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

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 Escrow Agent will furnish the Successor Agency periodic cash

transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of securities that is to be submitted pursuant hereto, the Escrow Agent shall promptly request alternative written investment instructions from the Successor Agency with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Successor Agency. In the absence of investment instructions from the Successor Agency, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Successor Agency's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the Successor Agency the alternative investments or for compliance with any yield restriction applicable thereto.

SECTION 12. *Purpose of Agreement; Amendment.* This Agreement is entered into by the Successor Agency for the purpose of providing funds to discharge and defease the Refunded Bonds under and with the effect set forth in the 2003 Bond Indenture, the 2011 Series A Bond Indenture and the 2011 Series B Bond Indenture, respectively. The Successor Agency hereby certifies its intention to discharge all indebtedness represented by the Refunded Bonds under the respective provisions of the 2003 Bond Indenture, the 2011 Series A Bond Indenture and the 2011 Series B Bond Indenture.

This Agreement may be amended by the parties hereto, but only if there shall have been filed with the Successor Agency and the Escrow Agent a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the Refunded Bonds, and that such amendment will not cause interest on the Refunded Bonds or the Series A Bonds to become includable in the gross income of the owners thereof for federal income tax purposes.

SECTION 13. *Termination of Agreement.* Upon payment in full of the principal of and interest and redemption price of the Refunded Bonds, and upon payment of all fees, expenses and charges of the Escrow Agent as described above, this Agreement shall terminate and the Escrow Agent shall be discharged from any further obligation or responsibility hereunder.

SECTION 14. *Execution in Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California.

**SUCCESSOR AGENCY TO THE BREA
REDEVELOPMENT AGENCY**

By: _____
Mayor
of the City of Brea

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Escrow
Agent and as Trustee for the Refunded
Bonds**

By _____
Authorized Officer

\$ _____
**Successor Agency To The
Brea Redevelopment Agency
Redevelopment Project AB
2017 Tax Allocation Refunding Bonds,
Series A
(Tax-Exempt)**

\$ _____
**Successor Agency To The
Brea Redevelopment Agency
Redevelopment Project AB
2017 Tax Allocation Refunding Bonds,
Series B
(Federally Taxable)**

BOND PURCHASE AGREEMENT

_____, 2017

Successor Agency to the Brea Redevelopment Agency
Number One Civic Center Circle, 3rd Floor
Brea, California 92821

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), acting in its capacity as a principal and not as an agent or fiduciary, offers to enter into this bond purchase agreement (this "Purchase Agreement") with the Successor Agency to the Brea Redevelopment Agency (the "Agency"), which will be binding upon the Agency and the Underwriter upon the acceptance hereof by the Agency. This offer is made subject to its acceptance by the Agency by execution of this Purchase Agreement and its delivery to the Underwriter on or before 5:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Indenture (as hereinafter defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Agency hereby agrees to sell to the Underwriter, and the Underwriter hereby agrees to purchase from the Agency, all (but not less than all) of the: (i) \$ _____ aggregate principal amount of the Agency's Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) (the "2017A Bonds"), at a purchase price equal to \$ _____ (being the aggregate principal amount thereof plus original issue premium of \$ _____ and less an Underwriter's discount of \$ _____); and (ii) \$ _____ aggregate principal amount of the Agency's Redevelopment Project AB 2017 Tax Allocation Refunding Bonds, Series B (Federally Taxable) (the "2017B Bonds" and, together with the 2017A Bonds, the "Bonds") at a purchase price equal to \$ _____ (being the aggregate principal amount thereof less a net original issue discount of \$ _____ and less an Underwriter's discount of \$ _____).

The 2017A Bonds maturing on August 1, 20__ through August 1, 20__, inclusive and the 2017B Bonds maturing on August 1, 20__ through August 1, 20__, inclusive (collectively the "Insured Bonds") shall be insured under a municipal bond insurance policy (the "Policy") from _____ (the "Insurer"). The Agency shall also purchase a municipal bond debt service reserve insurance policy (the "Reserve Surety") from the Insurer for the Bonds. The Reserve Surety will be credited to the Reserve Account to be established pursuant to the Indenture. In connection with the Closing (as defined below), the Underwriter agrees to wire

\$_____ to the Insurer as an accommodation to the Agency as payment of the premium on Policy and \$_____ to the Insurer as an accommodation to the Agency as payment of the premium on the Reserve Surety.

The Agency acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Agency and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Agency with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Agency on other matters); and (iv) the Agency has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

2. Description of the Bonds. The Bonds shall be issued and sold to the Underwriter pursuant to an Indenture of Trust, dated as of June 1, 2017 (the "Indenture"), by and between the Agency and The Bank of New York Mellon Trust Company, N.A. as trustee (the "Trustee"), the Constitution and the laws of the State of California, including Article 11 (commencing with Section 53580 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law") and Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California (as amended from time to time, the "Dissolution Act"), a resolution adopted on _____, 2017 (the "Agency Resolution") by the City Council of the City of Brea, acting as the Agency, a resolution of the Oversight Board of the Agency (the "Oversight Board") adopted on _____, 2017 (the "Oversight Board Resolution") and a letter from the State of California Department of Finance dated _____, 2017 approving the Oversight Board Resolution (the "DOF Letter"). The Bonds shall be as described in the Indenture and the Official Statement, as defined herein, relating to the Bonds. The Bonds are being issued to refund: (i) a portion of the Brea Redevelopment Agency 2003 Tax Allocation Bonds (Redevelopment Project AB) (the "2003 Bonds"); (ii) all of the Brea Redevelopment Agency 2011 Tax Allocation Bonds, Series A (Redevelopment Project AB) (the "2011 Bonds"); and (iii) all of the Brea Redevelopment Agency 2011 Taxable Tax Allocation Housing Bonds, Series B (Redevelopment Project AB) (the "2011 Housing Bonds," and collectively with the 2003 Bonds and the 2011 Bonds, the "Refunded Bonds"). In connection with such refunding, the Agency, as successor to the former Brea Redevelopment Agency, will enter into an Escrow Agreement relating to the Refunded Bonds (the "Escrow Agreement"), by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent. The Bonds are subject to redemption prior to their respective maturity dates as set forth in Appendix A hereto.

3. Public Offering. The Underwriter agrees to make a bona fide public offering of all the Bonds initially at the public offering prices (or yields) set forth on Appendix A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as they deem necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Appendix A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

4. Delivery of Official Statement. The Agency has delivered or caused to be delivered to the Underwriter prior to the execution of this Purchase Agreement copies of the Preliminary Official

Statement relating to the Bonds (the “Preliminary Official Statement”), which was approved by a resolution of the Agency adopted on _____, 2017 (the “Agency OS Resolution”). Such Preliminary Official Statement, except for omissions permitted under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the “Rule”), is the official statement deemed final by the Agency for purposes of the Rule and approved for distribution by resolution of the Agency.

The Agency hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the earlier of: (i) the business day preceding the Closing Date (as defined herein); or (ii) the seventh (7th) business day following the date of this Purchase Agreement: (A) the form of the Official Statement relating to the Bonds in “designated electronic format” (as defined in Municipal Securities Rule Making Board (“MSRB”) Rule G-32; and (B) copies of the Official Statement relating to the Bonds, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the Underwriter (including the appendices thereto and any amendments or supplements approved by the Agency and the Underwriter, the “Official Statement”), in such quantity as the Underwriter shall reasonably request. The Agency hereby approves of the distribution and use by the Underwriter of the Official Statement in connection with the offer and sale of the Bonds. The Preliminary Official Statement and the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Agency and the Underwriter. If the Official Statement is prepared for distribution in electronic form, the Agency hereby confirms that it does not object to distributions of the Official Statement in electronic form.

5. The Closing. At 8:00 a.m., California time, on _____, 2017 (the “Closing Date”), or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Agency and the Underwriter, the Agency will deliver: (i) the Bonds in book-entry form; and (ii) the closing documents hereinafter mentioned at the offices of Jones Hall, A Professional Law Corporation (“Bond Counsel”), in San Francisco, California, or another place to be mutually agreed upon by the Agency and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by federal wire transfer to the order of the Trustee on behalf of the Agency. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the “Closing.”

6. Agency Representations, Warranties and Covenants. The Agency represents, warrants and covenants to the Underwriter that:

(a) Due Organization, Existence and Authority. The Agency is a public entity validly existing under the laws of the State of California (the “State”) with full right, power and authority to adopt the Agency Resolution and the Agency OS Resolution, to issue the Bonds and to execute, deliver and perform its obligations under the Bonds, this Purchase Agreement, the Indenture, the Escrow Agreement and the Continuing Disclosure Certificate, dated as of the Closing Date (collectively, the “Agency Documents”), and to carry out and consummate the transactions contemplated by the Agency Documents and the Official Statement.

(b) Due Authorization and Approval. By all necessary official action, the Agency has duly adopted the Agency Resolution and the Agency OS Resolution at properly noticed meetings at which a quorum was present and acting throughout and has duly authorized and approved the execution and delivery of the Official Statement, and the execution and delivery of the performance by the Agency of the obligations contained in the Agency Documents, and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or

rescinded. When executed and delivered by the Agency, and assuming due authorization and execution and delivery by the counterparties thereto, the Agency Documents will constitute the legally valid and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against governmental agencies in the State of California. The Agency has complied, and will at the Closing be in compliance in all respects, with the terms of the Agency Documents.

(c) Official Statement, Accurate and Complete. The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement do not contain and up to and including the Closing will not contain a misstatement of any material fact and do not, and up to and including the Closing will not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading (except that this representation does not include statements under the captions ["2017 BONDS—Annual Debt Service Schedule," statements under the caption "CONCLUDING INFORMATION—Tax Matters"] that summarize the State and federal tax law, and information relating to The Depository Trust Company or the book-entry only system, the Insurer, the Policy or the Reserve Surety).

(d) Underwriter's Consent to Amendments and Supplements to Official Statement. The Agency will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Agency will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(e) No Breach or Default. As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Agency is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject which breach or default has or will have a material adverse effect on the Agency's ability to perform its obligations under the Agency Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Agency Documents, and compliance with the provisions of each of such agreements or instruments do not and will not in any material respect conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance agreement or other to which the Agency (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Agency Documents.

(f) No Litigation. As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending and notice of which has been received by the Agency or to the best of the Agency's knowledge threatened: (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the other Agency Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the 2017A Bonds from taxation or contesting the powers of the Agency or its authority to issue the Bonds; (iii) which may result in any material adverse change relating to the Agency; (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (v) there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this paragraph.

(g) Preliminary Official Statement. For purposes of the Rule, the Agency has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule.

(h) End of Underwriting Period. Until the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), if any event shall occur of which the Agency is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the Agency shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time, and the Agency shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term "end of the underwriting period" means the later of such time as: (i) the Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Agency at or prior to the Closing Date and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting period."

(i) Tax Exemption. The Agency will refrain from taking any action with regard to which the Agency may exercise control that results in the inclusion in gross income for federal or State of California income tax purposes of the interest on the 2017A Bonds.

(j) Prior Continuing Disclosure Undertaking. Except as disclosed in the Official Statement, the Agency has not failed to comply with any prior continuing disclosure undertaking in any material respects during the last five years.

(k) Oversight Board Approval. The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions relating to the issuance of the Bonds described in the Preliminary Official Statement.

(l) Department of Finance Approval. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement. Except as disclosed in the Preliminary Official Statement, the Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Agency pursuant to Section 34183 of the Dissolution Act.

7. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants herein and the performance by the Agency of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Purchase Agreement to purchase and pay for the Bonds shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the Agency contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing: (i) the Agency Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter; and (ii) there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement and the Agency Documents.

(c) Termination Events. The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the Agency of its election to do so if, after the execution hereof and prior to the Closing, any of the following events occurs:

(i) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State of California, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation by the staff of either such Committee, or by the staff of the Joint Committee on taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury

Department, the Internal Revenue Service or other federal or state authority affecting the federal or state tax status of the Agency, or the interest on bonds or notes (including the Bonds); or

(ii) there shall exist any event which in the reasonable opinion of the Underwriter either: (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or

(iii) there shall have occurred any new outbreak of hostilities or other national or international calamity or crisis or the escalation of any such outbreak, calamity or crisis, the effect of such outbreak, calamity, crisis or escalation on the financial markets of the United States being such as would make it impracticable, in the reasonable opinion of the Underwriter, for the Underwriter to sell the Bonds; or

(iv) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by orders of the Securities and Exchange Commission or any other governmental authority; or

(v) a general banking moratorium shall have been declared by either Federal, California or New York authorities having jurisdiction and be in force; or

(vi) there shall be established any new restrictions on transactions in securities materially affecting the free market for securities (including the imposition of any limitations on interest rates) or the extension of credit by, or the charge to the net capital requirements of, underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vii) an adverse event has occurred affecting the financial condition or operation of the Agency which, in the opinion of the Underwriter, requires or has required a supplement or amendment to the Official Statement and (i) the Agency refuses to prepare and furnish such disclosure material, or supplement or amendment to the Official Statement, or (ii) in the reasonable judgment of the Underwriter, the occurrence of such event materially and adversely affects the marketability of the Bonds or renders the enforcement of contracts for sale of the Bonds impracticable; or

(viii) any rating of the securities of the Agency shall have been downgraded, suspended or withdrawn by a national rating service, or there shall have been any official statement by a national rating service as to a possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification), in either case which, in the Underwriter’s reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(ix) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(x) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the authentication, delivery, offering or sale of obligations of the general character of the Bonds, or the authentication, delivery, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(xi) the commencement of any action, suit or proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the best knowledge of the Agency after due investigation, threatened: (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the authentication or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds, the Agency Documents or the consummation of the transactions contemplated thereby or contesting the powers of the Agency to enter into the Agency Documents; (iii) which, except as described in the Official Statement, may result in any material adverse change to the financial condition of the Agency or to its ability to pay debt service on the Bonds when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, which, in the reasonable judgment of the Underwriter, materially adversely affects the market price of the Bonds.

(d) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents; provided that the acceptance of the Bonds by the Underwriter on the Closing Date shall conclusively evidence the satisfaction of the requirements of this subsection (d) or the waiver by the Underwriter of any discrepancies in documents which are not in strict conformity with the requirements of this subsection (d):

(i) *Bond Opinion*. Approving opinions of Bond Counsel dated the date of the Closing and substantially in the respective forms appended to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the approving opinions may be relied upon by the Underwriter to the same extent as if such opinions were addressed to them;

(ii) *Supplemental Opinion*. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter and the Agency, in form and substance acceptable to the Underwriter and counsel to the Agency, and dated the date of the Closing substantially to the following effect:

(A) This Purchase Agreement has been duly authorized, executed and delivered by the Agency and is a valid and binding agreement of the Agency;

(B) The statements contained in the Official Statement pertaining to the Bonds under the captions [“INTRODUCTION,” “PLAN OF REFUNDING,” “2017 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE 2017 BONDS,” “CONCLUDING INFORMATION — Tax Matters,” “APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” and “APPENDIX E — FORM OF BOND COUNSEL OPINIONS”] excluding any material that may be treated as included under such captions and appendices by cross-reference, insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture, the Escrow Agreement and such counsel's final opinion concerning certain federal tax matters relating to the 2017A Bonds, are accurate in all material respects;

(C) The Bonds are not subject to registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended;

(D) The Refunded Bonds are no longer outstanding and have been legally paid in full in accordance with the respective documents authorizing the issuance thereof; and

(E) The Agency Documents have been duly authorized, executed and delivered by the Agency and constitute valid, legal and binding agreements of the Agency enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against governmental entities in the State of California;

(iii) *Oversight Board Documents.*

(A) A certified copy of the Oversight Board Resolution; and

(B) A certificate of the City Clerk of the City of Brea to the effect that the Oversight Board Resolution is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption;

(iv) *Agency Counsel Opinion.* An opinion of the legal counsel to the Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to Bond Counsel and the Underwriter, substantially to the following effect (and including such additional matters as may be reasonably required by Bond Counsel or the Underwriter):

(A) The Agency is a public entity validly existing under the laws of the State of California;

(B) The Agency Resolution approving and authorizing the execution and delivery of the Agency Documents and the Agency OS Resolution approving the Official Statement have been duly adopted, and the Agency Resolution and Agency OS Resolution are in full force and effect and have not been modified, amended, rescinded or repealed since the dates of their adoption; and

(C) Except as otherwise disclosed in the Official Statement and to the best knowledge of such counsel, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending and notice of which

has been received by the Agency or threatened against the Agency, challenging the creation, organization or existence of the Agency, or the validity of the Agency Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Agency Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Documents, or which, in any manner, questions the right of the Agency to use the Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the Tax Revenues from the Project Area (as defined in the Official Statement).

(v) *Disclosure Counsel Opinion.* An opinion of Richards, Watson & Gershon, A Professional Corporation, as Disclosure Counsel, dated the Closing Date and addressed to the Agency and the Underwriter, to the effect that, based on the information made available to it in its role as Disclosure Counsel to the Agency, without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, but on the basis of their participation in conferences with the Underwriter, Bond Counsel, the Agency, legal counsel to the Agency and others, and their examination of certain documents, no information has come to the attention of the attorneys in the firm rendering legal services in connection with the issuance of the Bonds which would lead them to believe that the Official Statement as of its date and as of the Closing Date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to the Appendices to the Official Statement; financial, engineering, and demographic data or statistical forecasts, projections, estimates, assumptions and expressions of opinions; information about the book-entry only system and The Depository Trust Company; the Insurer, the Policy and the Reserve Surety; and statements relating to the treatment of the Bonds or the interest, discount or premium related thereto for tax purposes under the law of any jurisdiction contained in the Official Statement);

(vi) *Underwriter's Counsel Opinion.* An opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, as counsel to the Underwriter, dated the Closing Date and addressed to the Underwriter, to the effect that, based on the information made available to it in its role as counsel to the Underwriter, without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, but on the basis of their participation in conferences with the Underwriter, Bond Counsel, the Agency, legal counsel to the Agency and others, and their examination of certain documents, no information has come to the attention of the attorneys in the firm rendering legal services in connection with the issuance of the Bonds which would lead them to believe that the Official Statement as of its date and as of the Closing Date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to the Appendices to the Official Statement; financial, engineering, and demographic data or statistical forecasts, projections, estimates, assumptions and expressions of opinions; information about the book-entry only system and The Depository Trust Company; the Insurer, the Policy and Reserve Surety; and statements relating to the treatment of the Bonds or the interest, discount or premium related thereto for tax purposes under the law of any jurisdiction contained in the Official Statement);

(vii) *Trustee Counsel Opinion.* The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter and the Agency, in form and substance satisfactory to the Underwriter and to Bond Counsel;

(viii) *Agency Certificate.* A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by the City Manager of the City of Brea or other duly authorized officer of the Agency to the following effect:

(A) The representations, warranties and covenants of the Agency contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the Agency has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the Agency at or prior to the date of the Closing; and

(B) No event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ix) *Trustee's Certificate.* A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to the Agency, the Underwriter and to Bond Counsel;

(x) *Fiscal Consultant's Certificate.* A certificate of Keyser Marston & Associates, Inc., as Fiscal Consultant, dated the date of the Closing, in form and substance acceptable to the Underwriter and the Agency, consenting to the inclusion of such firm's Fiscal Consultant's Report in the Preliminary Official Statement and the Official Statement, and certifying as to the accuracy of [APPENDIX B—"FISCAL CONSULTANT'S REPORT" and the information in the Official Statement under the caption "PROJECT AREA" and "TAX REVENUES AND DEBT SERVICE COVERAGE"] attributed to the Fiscal Consultant, and stating that to the best of such firm's knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm's attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report and information attributed to the Fiscal Consultant contained in the Official Statement;

(xi) *Documents.*

(A) An original executed copy of each of the Agency Documents, which shall be delivered and in full force and effect;

(B) The Official Statement, approved by the Agency;

(C) A certificate, dated the date of the Preliminary Official Statement, of the Agency, to the effect that, for purposes of compliance with the Rule, the Agency deems the Preliminary Official Statement to be final as of its date;

(D) A tax certificate or certificates with respect to maintaining the tax-exempt status of the 2017A Bonds, duly executed by the Agency;

(E) Copies of the preliminary and final notices to the California Debt and Investment Advisory Commission relating to the Bonds;

(F) A certified copy of the redevelopment plan for the Project Area and all resolutions/ordinances related thereto;

- (G) The Policy;
 - (H) The Reserve Surety;
 - (I) The DOF Letter;
 - (J) A certified copy of the Agency Resolution; and
 - (K) A certified copy of the Agency OS Resolution;
- (xii) Evidence that the ratings on the Bonds are as described in the Official Statement;
- (xiii) A report of Causey Demgen & Moore, Inc., certified public accountants, in form and substance satisfactory to the Underwriter and Bond Counsel as to the sufficiency of the escrow fund to prepay the Refunded Bonds;
- (xiv) A certificate of the Insurer as to the accuracy of the information in the Official Statement relating to the Insurer, the Policy and the Reserve Surety;
- (xv) An opinion of counsel to Insurer as to the due authorization and enforceability of the Policy and Reserve Surety; and
- (xvi) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the Closing Date, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Trustee and the Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied in connection with the delivery and sale of the Bonds.

If the Agency shall be unable to satisfy the conditions contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by the Purchase Agreement, the Purchase Agreement shall terminate and neither the Underwriter nor the Agency shall be under any further obligation hereunder.

8. Expenses.

(a) Subject to Section 8(b), whether or not the transactions contemplated by this Purchase Contract are consummated, the Underwriter shall be under no obligation to pay, and the Agency shall pay only from the proceeds of the Bonds, but only as the Agency and such other party providing such services may agree, all expenses and costs of the Agency incident to the performance of their obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, costs for printing of the Preliminary Official Statement, the Official Statement and the Bonds; rating agency fees and charges; initial fees of the Trustee and the Escrow Agent, including fees and disbursements of their counsel, if any; fees and disbursements of Bond Counsel and other professional advisors employed by the Agency; and for expenses (included in the expense component of the underwriter's discount) incurred by the Underwriter on behalf of Agency's employees which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation, lodging, and entertainment of those employees.

(b) The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including fees and expenses of Underwriter's Counsel.

9. Notice. Any notice or other communication to be given to the Agency under this Purchase Agreement may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Jim Cervantes.

10. Entire Agreement. This Purchase Agreement, when accepted by the Agency, shall constitute the entire agreement among the Agency and the Underwriter and is made solely for the benefit of the Agency and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All of the Agency's representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, until the earlier of: (i) delivery of and payment for the Bonds hereunder; and (ii) any termination of this Purchase Agreement.

11. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

12. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

13. State of California Law Governs. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of California.

14. No Assignment. The rights and obligations created by this Purchase Agreement shall not be subject to assignment by the Underwriter or the Agency without the prior written consent of the other parties hereto.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Its: Authorized Officer

Accepted as of the date first stated above at _____ p.m.:

SUCCESSOR AGENCY TO THE
BREA REDEVELOPMENT AGENCY

By: _____
Its: Executive Director

APPENDIX A

MATURITY SCHEDULE

\$_____

**Successor Agency To The
Brea Redevelopment Agency
Redevelopment Project AB
2017 Tax Allocation Refunding Bonds, Series A
(Tax-Exempt)**

<i>Maturing (August 1)</i>	<i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
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* Insured Bonds

Optional Redemption of 2017A Bonds. The 2017A Bonds maturing on or before August 1, 202_, are not subject to redemption prior to their respective stated maturities. The 2017A Bonds maturing on or after August 1, 202_, are subject to redemption in whole, or in part at the Request of the Successor Agency among maturities on such basis as shall be designated by the Successor Agency and by lot within a maturity, at the option of the Successor Agency, on any date on or after August 1, 202_, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

\$ _____
**Successor Agency To The
Brea Redevelopment Agency
Redevelopment Project AB
2017 Tax Allocation Refunding Bonds, Series B
(Federally Taxable)**

<i>Maturing (August 1)</i>	<i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
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* _____
Insured Bonds

Optional Redemption of 2017B Bonds. The 2017B Bonds maturing on or before August 1, 202_, are not subject to redemption prior to their respective stated maturities. The 2017B Bonds maturing on or after August 1, 202_, are subject to redemption in whole, or in part at the Request of the Successor Agency among maturities on such basis as shall be designated by the Successor Agency and by lot within a maturity, at the option of the Successor Agency, on any date on or after August 1, 202_, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: City Manager

DATE: 04/04/2017

SUBJECT: Bond Proceeds Funding Agreement Between the City of Brea and the Successor Agency to the Brea Redevelopment Agency for the 2011A Non-Housing Bonds

RECOMMENDATION

Adopt City and Successor Agency resolutions approving the Bond Proceeds Funding Agreement.

BACKGROUND/DISCUSSION

As a result of the Dissolution Act, the Brea Redevelopment Agency was dissolved on February 1, 2012 and was replaced with the Successor Agency to the Brea Redevelopment Agency. In September 2015, Senate Bill (SB) 107 was enacted amending the Dissolution Act and thus allowing for the expenditure of bonds issued between January 2011 and June 2011. In June 2011, the former Brea Redevelopment Agency issued its 2011A Non-Housing Bonds.

The 2011A Non-Housing Bonds (2011A Bonds) generated approximately \$13.4 million for public facilities. Per SB 107, a maximum of 45% of these bonds may be accessed for public facilities under this legislation. Per SB 107, the Successor Agency may spend up to 5% of these bond proceeds before Department of Finance (DOF) approval of what is called a Last and Final Recognized Obligation Schedule (LFROPS). Pursuant to a prior review by DOF, the DOF determined that the Successor Agency had previously expended the 5% portion of these bonds. The remaining 40% is subject to the approval of DOF on the LFROPS. We anticipate filing the LFROPS during Fiscal Year 2017-18. City Council has approved these proceeds toward the funding for the Downtown Parking Structure which began construction during Fiscal Year 2016-17.

Before finalizing the LFROPS process, the Successor Agency is planning to undertake proceedings to issue bonds to refund all of the outstanding 2011A Bonds to generate savings by the lowering of annual bond payments due to issuance of refunding bonds. This will cause the remaining 55% of the 2011A bond proceeds which may not be used for public facilities to be used to defease a portion of the outstanding 2011A Bonds. The 2011A Bond Proceeds Funding Agreement includes \$7,351,010.40, as the amount representing the 55% portion that must be used toward defeasing bonds.

In order to access the 2011A bond proceeds, the City and Successor Agency must adopt resolutions approving the 2011A Bond Proceeds Funding Agreement. The 2011A Bond Proceeds Funding Agreement must also be approved by resolution of the Oversight Board

and will be on the agenda for their April 14, 2017 meeting. Upon approval by the Oversight Board, a copy of the resolutions and the 2011A Bond Proceeds Funding Agreement will be forwarded to the DOF for approval.

COMMISSION/COMMITTEE RECOMMENDATION

The Finance Committee recommended approval at their Meeting on March 28, 2017.

FISCAL IMPACT/SUMMARY

The 2011A Non-Housing Bonds generated approximately \$13.4 million in proceeds for public facilities. As a result of SB 107, the Successor Agency may use up to 45% of these bond proceeds for public projects. The Successor Agency had already spent 5% of these bond proceeds leaving the remaining 40% to be accessed by the Successor Agency upon the filing and approval by DOF of a LFROPS.

Prior to the filing of the LFROPS, the Successor Agency has one more opportunity to issue refunding bonds to refinance the outstanding balance of the 2011A Non-Housing Bonds in order to generate savings of approximately \$1.475 million which results in approximately \$182,570 in average annual property tax revenues to the City. Per SB 107, the remaining 55% or \$7,351,010.40, of the 2011A Non-Housing Bonds that must be applied toward the refunding of the outstanding balance of the 2011A Non-Housing Bonds.

In order to access these 2011A bond proceeds, the City and Successor Agency must adopt resolutions approving the 2011A Non-Housing Bond Proceeds Funding Agreement. Upon approval by the City and Successor Agency, the 2011A Bond Proceeds Funding Agreement will be submitted to the Oversight Board and then onto the DOF for approval.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Lee Squire, Financial Services Manager

Concurrence: Cindy Russell, Administrative Services Director

Attachments

City Resolution 2017-020

SA Resolution SA 2017-05

2011A Bond Proceeds Funding Agreement

RESOLUTION NO. 2017-020

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA APPROVING THE EXECUTION AND DELIVERY OF A 2011A BOND PROCEEDS FUNDING AGREEMENT AND TAKING CERTAIN RELATED ACTIONS

A. RECITALS:

(i) The Brea Redevelopment Agency (the “**Former Agency**”) was a redevelopment agency formed pursuant to the Community Redevelopment Law, set forth in Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code (“**HSC**”);

(ii) The Former Agency undertook a program to redevelop a project area known as “Redevelopment Project AB”;

(iii) Pursuant to AB X1 26 (which was enacted in June 2011) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former Agency, and an oversight board of the Successor Agency (the “**Oversight Board**”) was established;

(iv) AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the HSC. Such Parts 1.8 and 1.85, including amendments and supplements enacted after AB X1 26, are referred to herein as the “**Dissolution Act**”;

(v) Pursuant to HSC Section 34177, the Successor Agency must prepare a Recognized Obligation Payment Schedule (“**ROPS**”) for each specified period, and

submit the ROPS to the Oversight Board and the State Department of Finance (“**DOF**”) for approval;

(vi) Pursuant to HSC Section 34191.6 (added by SB 107 enacted in September 2015), the Successor Agency may prepare a Last and Final Recognized Obligation Payment Schedule (the “**LFROPS**”) upon meeting certain conditions; provided that such LFROPS will only become effective upon approval by the Oversight Board and the DOF;

(vii) Before dissolution, the Former Agency issued its 2011 Tax Allocation Bonds, Series A (Redevelopment Project AB) (the “2011A Bonds”), in the aggregate principal amount of \$18,839,323.25, pursuant to an Indenture of Trust, dated as of June 1, 2011 (the “**Indenture**”), by and between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee;

(viii) The 2011A Bonds were issued in part to refund tax-exempt bonds issued by the Former Agency, in that a portion of the proceeds of the 2011A Bonds were used to refund and defease the Former Agency’s 2001 Subordinate Tax Allocation Refunding Bonds, Series B, and a portion of the proceeds of the 2011A Bonds, in the amount of \$13,365,473.44, was deposited in a 2011 Redevelopment Fund (established under the Indenture) for use on Qualifying Redevelopment Projects (as defined in the Indenture) (the moneys deposited and maintained in the 2011 Redevelopment Fund being referred to below as the “**2011A Project Proceeds**”);

(ix) In light of restrictions imposed by the Dissolution Act, most of the 2011A Project Proceeds in the 2011 Redevelopment Fund have not yet been spent as of the dated date of this Resolution;

(x) Pursuant to the Dissolution Act, all assets, properties and contracts of the Former Agency, including unspent 2011A Project Proceeds, transferred to the control of the Successor Agency by operation of law;

(xi) According to HSC Section 34191.4, the Successor Agency may proceed with certain actions pertaining to the use of remaining unspent bond proceeds, after the Successor Agency has received a finding of completion (the “**Finding of Completion**”) issued by the DOF pursuant to HSC Section 34179.7.

(xii) The DOF issued a Finding of Completion to the Successor Agency on July 9, 2013;

(xiii) Pursuant to HSC Section 34191.4(c)(2) (which was added by SB 107), the Successor Agency may spend up to five percent of the 2011A Project Proceeds before the DOF’s approval of the LFROPS;

(xiv) Further, pursuant to HSC Section 34191.4(c)(4) (which was added by SB 107), after the DOF’s approval of the LFROPS, the Successor Agency may spend an additional 40 percent of the 2011A Project Proceeds (which, together with the five percent pursuant to HSC Section 34191.4(c)(2), would constitute 45 percent of the 2011A Project Proceeds);

(xv) Pursuant to a prior review by the DOF, the DOF determined that the Successor Agency had previously expended \$772,376 of the 2011A Project Proceeds, which is more than five percent of the 2011A Project Proceeds;

(xvi) The Successor Agency is working towards the preparation of an LFROPS;

(xvii) Before the finalizing the LFROPS process, the Successor Agency has determined to undertake proceedings to issue bonds (the “Refunding Bonds”) as

permitted by HSC Section 34177.5, to refund all of the outstanding 2011A Bonds to generate savings (the “Refunding”);

(xviii) The Successor Agency has determined that it will: (i) in conjunction with the Refunding, cause \$7,351,010.40 (i.e., 55 percent of the 2011A Project Proceeds, the portion which may not be used for projects under HSC Section 34191.4) to be used to defease a portion of the outstanding 2011A Bonds; and (ii) use the remaining 2011A Project Proceeds (the “**Balance Amount**”) for the costs of Qualifying Redevelopment Projects, as permitted under HSC Section 34191.4(c);

(xix) In light of Successor Agency’s limited staffing, the City’s traditional role and established procedures for the awarding of public works contracts, and the timing needs with respect to the Projects, the Successor Agency desires to enter into a 2011A Bond Proceeds Funding Agreement (the “**Funding Agreement**”) with the City, for the City to perform or cause to be performed the work required to complete the Projects, with payment therefor to be made from the Balance Amount;

(xx) The Funding Agreement is in furtherance of the winding down the Former Agency’s affairs, with respect to the expenditure of unspent bond proceeds as permitted under HSC Section 34191.4;

B. RESOLUTION:

NOW, THEREFORE, be it found, determined and resolved by the City Council of the City of Brea as follows:

1. The above recitals are true and correct and are a substantive part of this Resolution.

2. The Funding Agreement, in the form attached hereto as Exhibit A, is hereby approved. The Mayor of the City (or, in the Mayor's absence, the Mayor Pro Tem of the City), is hereby authorized to execute and deliver, for and in the name of the City, the Funding Agreement, in substantially such form, with changes therein as the Mayor (or the Mayor Pro Tem, as the case may be) may approve (with such approval to be conclusively evidenced by the execution and delivery thereof).

3. This Resolution supersedes Resolution No. 2016-010, in its entirety. Resolution No. 2016-010 is hereby rescinded.

4. The officers of the City are hereby authorized, jointly and severally, to execute and deliver any and all necessary documents and instruments and to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution and the Funding Agreement.

APPROVED AND ADOPTED this 4th day of April, 2017.

Cecilia Hupp, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea, held on the 4th day of April, 2017, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: COUNCIL MEMBERS:

DATED: April 4, 2017

Lillian Harris-Neal, City Clerk

EXHIBIT A

2011A Non-Housing Bond Proceeds Funding Agreement
(in substantial final form)

(see attached)

RESOLUTION NO. SA 2017-05

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA, ACTING AS THE SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, APPROVING THE EXECUTION AND DELIVERY OF A 2011A BOND PROCEEDS FUNDING AGREEMENT AND TAKING CERTAIN RELATED ACTIONS

A. RECITALS:

(i) The Brea Redevelopment Agency (the “**Former Agency**”) was a redevelopment agency formed pursuant to the Community Redevelopment Law, set forth in Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code (“**HSC**”);

(ii) The Former Agency undertook a program to redevelop a project area known as “Redevelopment Project AB”;

(iii) Pursuant to AB X1 26 (which was enacted in June 2011) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former Agency, and an oversight board of the Successor Agency (the “Oversight Board”) was established;

(iv) AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the HSC. Such Parts 1.8 and 1.85, including amendments and supplements enacted after AB X1 26, are referred to herein as the “**Dissolution Act**”;

(v) Pursuant to HSC Section 34177, the Successor Agency must prepare a Recognized Obligation Payment Schedule (“**ROPS**”) for each specified period, and submit the ROPS to the Oversight Board and the State Department of Finance (“**DOF**”) for approval;

(vi) Pursuant to HSC Section 34191.6 (added by SB 107 enacted in September 2015), the Successor Agency may prepare a Last and Final Recognized Obligation Payment Schedule (the “**LFROPS**”) upon meeting certain conditions; provided that such LFROPS will only become effective upon approval by the Oversight Board and the DOF;

(vii) Before dissolution, the Former Agency issued its 2011 Tax Allocation Bonds, Series A (Redevelopment Project AB) (the “**2011A Bonds**”), in the aggregate principal amount of \$18,839,323.25, pursuant to an Indenture of Trust, dated as of June 1, 2011 (the “**Indenture**”), by and between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee;

(viii) The 2011A Bonds were issued in part to refund tax-exempt bonds issued by the Former Agency, in that a portion of the proceeds of the 2011A Bonds were used to refund and defease the Former Agency’s 2001 Subordinate Tax Allocation Refunding Bonds, Series B, and a portion of the proceeds of the 2011A Bonds, in the amount of \$13,365,473.44, was deposited in a 2011 Redevelopment Fund (established under the Indenture) for use on Qualifying Redevelopment Projects (as defined in the Indenture) (the moneys deposited and maintained in the 2011 Redevelopment Fund being referred to below as the “**2011A Project Proceeds**”);

(ix) In light of restrictions imposed by the Dissolution Act, most of the 2011A Project Proceeds in the 2011 Redevelopment Fund have not yet been spent as of the dated date of this Resolution;

(x) Pursuant to the Dissolution Act, all assets, properties and contracts of the Former Agency, including unspent 2011A Project Proceeds, transferred to the control of the Successor Agency by operation of law;

(xi) According to HSC Section 34191.4, the Successor Agency may proceed with certain actions pertaining to the use of remaining unspent bond proceeds, after the Successor Agency has received a finding of completion (the “**Finding of Completion**”) issued by the DOF pursuant to HSC Section 34179.7.

(xii) The DOF issued a Finding of Completion to the Successor Agency on July 9, 2013;

(xiii) Pursuant to HSC Section 34191.4(c)(2) (which was added by SB 107), the Successor Agency may spend up to five percent of the 2011A Project Proceeds before the DOF’s approval of the LFROPS;

(xiv) Further, pursuant to HSC Section 34191.4(c)(4) (which was added by SB 107), after the DOF’s approval of the LFROPS, the Successor Agency may spend an additional 40 percent of the 2011A Project Proceeds (which, together with the five percent pursuant to HSC Section 34191.4(c)(2), would constitute 45 percent of the 2011A Project Proceeds);

(xv) Pursuant to a prior review by the DOF, the DOF determined that the Successor Agency had previously expended \$772,376 of the 2011A Project Proceeds, which is more than five percent of the 2011A Project Proceeds;

(xvi) The Successor Agency is working towards the preparation of an LFROPS;

(xvii) Before the finalizing the LFROPS process, the Successor Agency has determined to undertake proceedings to issue bonds (the “**Refunding Bonds**”) as permitted by HSC Section 34177.5, to refund all of the outstanding 2011A Bonds to generate savings (the “**Refunding**”);

(xviii) The Successor Agency has determined that it will: (i) in conjunction with the Refunding, cause \$7,351,010.40 (*i.e.*, 55 percent of the 2011A Project Proceeds, the portion which may not be used for projects under HSC Section 34191.4) to be used to defease a portion of the outstanding 2011A Bonds; and (ii) use the remaining 2011A Project Proceeds (the “**Balance Amount**”) for the costs of Qualifying Redevelopment Projects, as permitted under HSC Section 34191.4(c);

(xix) In light of Successor Agency’s limited staffing, the City’s traditional role and established procedures for the awarding of public works contracts, and the timing needs with respect to the Projects, the Successor Agency desires to enter into a 2011A Bond Proceeds Funding Agreement (the “**Funding Agreement**”) with the City, for the City to perform or cause to be performed the work required to complete the Projects, with payment therefor to be made from the Balance Amount;

(xx) The Funding Agreement is in furtherance of the winding down the Former Agency’s affairs, with respect to the expenditure of unspent bond proceeds as permitted under HSC Section 34191.4;

B. RESOLUTION:

NOW, THEREFORE, be it found, determined and resolved by the City Council of the City of Brea, acting as the Successor Agency to the Brea Redevelopment Agency, as follows:

1. The above recitals are true and correct and are a substantive part of this Resolution.

2. The Funding Agreement, in the form attached hereto as Exhibit A, is hereby approved. The Mayor of the City (or, in the Mayor's absence, the Mayor Pro Tem of the City) and the Executive Director of the Successor Agency (together, the Authorized Officers"), is hereby authorized to execute and deliver, for and in the name of the Successor Agency, the Funding Agreement, in substantially such form, with changes therein as the Authorized Officer executing the same may approve (with such approval to be conclusively evidenced by the execution and delivery thereof).

3. The Oversight Board is hereby requested to approve the execution and delivery by the Successor Agency of the Funding Agreement. The City Clerk is hereby directed to transmit this Resolution to the Oversight Board for consideration at the earliest possible date.

4. This Resolution supersedes Resolution No. SA 2016-01, in its entirety. Resolution No. SA 2016-01 is hereby rescinded.

5. The officers of the City, acting as Successor Agency, are hereby authorized, jointly and severally, to execute and deliver any and all necessary documents and instruments and to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution and the Agreement.

APPROVED AND ADOPTED this 4th day of April, 2017.

Cecilia Hupp, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea, acting as the Successor Agency to the Brea Redevelopment Agency, held on the 4th day of April, 2017, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: COUNCIL MEMBERS:

DATED: April 4, 2017

Lillian Harris-Neal, City Clerk

EXHIBIT A

2011A Bond Proceeds Funding Agreement
(in substantial final form)

(see attached)

2011A BOND PROCEEDS FUNDING AGREEMENT

This 2011A BOND PROCEEDS FUNDING AGREEMENT (this “**Agreement**”), dated as of _____, 2017, is entered into by and between the City of Brea (the “**City**”) and the Successor Agency to the Brea Redevelopment Agency (the “**Successor Agency**,” and together with the City, the “**Parties**”).

RECITALS:

A. The Brea Redevelopment Agency (the “**Former Agency**”) was a redevelopment agency formed pursuant to the Community Redevelopment Law, set forth in Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code (“**HSC**”);

B. The Former Agency undertook a program to redevelop a project area known as “Redevelopment Project AB.”

C. Pursuant to AB X1 26 (which was enacted in June 2011) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former Agency, and an oversight board of the Successor Agency (the “**Oversight Board**”) was established.

D. AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the HSC. Such Parts 1.8 and 1.85, including amendments and supplements enacted after AB X1 26, are referred to herein as the “**Dissolution Act**.”

E. Pursuant to HSC Section 34177, the Successor Agency must prepare a Recognized Obligation Payment Schedule (“**ROPS**”) for each specified period. Each ROPS must be submitted to the Oversight Board of the Successor Agency and the State Department of Finance (“**DOF**”) for approval.

F. Pursuant to HSC Section 34191.6 (added by SB 107 enacted in September 2015), the Successor Agency may prepare a Last and Final Recognized Obligation Payment Schedule (the “**LFROPS**”) upon meeting certain conditions; provided that such LFROPS will only become effective upon approval by the Oversight Board and the DOF.

G. Before dissolution, the Former Agency issued its 2011 Tax Allocation Bonds, Series A (Redevelopment Project AB) (the “**2011A Bonds**”), in the aggregate principal amount of \$18,839,323.25, pursuant to an Indenture of Trust, dated as of June 1, 2011 (the “**Indenture**”), by and between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee.

H. The 2011A Bonds were issued in part to refund tax-exempt bonds issued by the Former Agency, in that a portion of the proceeds of the 2011A Bonds were used to refund and defease the Former Agency’s 2001 Subordinate Tax Allocation Refunding Bonds, Series B, and a portion of the proceeds of the 2011A Bonds, in the amount of \$13,365,473.44, was deposited in a 2011 Redevelopment Fund (established under the Indenture) for use on Qualifying

Redevelopment Projects (as defined in the Indenture). The moneys deposited and maintained in the 2011 Redevelopment Fund are referred to below as the “**2011A Project Proceeds**.”

I. In light of restrictions imposed by the Dissolution Act, most of the 2011A Project Proceeds in the 2011 Redevelopment Fund have not yet been spent as of the dated date of this Agreement.

J. Pursuant to the Dissolution Act, all assets, properties and contracts of the Former Agency, including unspent 2011A Project Proceeds, transferred to the control of the Successor Agency by operation of law.

K. According to HSC Section 34191.4, the Successor Agency may proceed with certain actions pertaining to the use of remaining unspent bond proceeds, after the Successor Agency has received a finding of completion (the “**Finding of Completion**”) issued by the DOF pursuant to HSC Section 34179.7.

L. The DOF issued a Finding of Completion to the Successor Agency on July 9, 2013.

M. Pursuant to HSC Section 34191.4(c)(2) (which was added by SB 107), the Successor Agency may spend up to five percent of the 2011A Project Proceeds before the DOF’s approval of the LFROPS.

N. Further, pursuant to HSC Section 34191.4(c)(4) (which was added by SB 107), after the DOF’s approval of the LFROPS, the Successor Agency may spend an additional 40 percent of the 2011A Project Proceeds (which, together with the five percent pursuant to HSC Section 34191.4(c)(2), would constitute 45 percent of the 2011A Project Proceeds).

O. Pursuant to a prior review by the DOF, the DOF determined that the Successor Agency had previously expended \$772,376 of the 2011A Project Proceeds, which is more than five percent of the 2011A Project Proceeds.

P. The Successor Agency is working towards the preparation of an LFROPS.

Q. Before the finalizing the LFROPS process, the Successor Agency has determined to undertake proceedings to issue bonds (the “**Refunding Bonds**”) as permitted by HSC Section 34177.5, to refund all of the outstanding 2011A Bonds to generate savings (the “**Refunding**”).

R. The Successor Agency has determined that it will: (i) in conjunction with the Refunding, cause \$7,351,010.40 (*i.e.*, 55 percent of the 2011A Project Proceeds, the portion which may not be used for projects under HSC Section 34191.4) to be used to defease a portion of the outstanding 2011A Bonds; and (ii) use the remaining 2011A Project Proceeds (the “**Balance Amount**”) for the costs of Qualifying Redevelopment Projects, including those projects listed in Exhibit A hereto (the “**Projects**”), as permitted under HSC Section 34191.4(c).

S. In light of Successor Agency’s limited staffing, the City’s traditional role and established procedures for the awarding of public works contracts, and the timing needs with respect to the Projects, the Successor Agency desires to enter into this Agreement with the City,

for the City to perform or cause to be performed the work required to complete the Projects, with payment therefor to be made from 2011A Project Proceeds.

T. This Agreement is in furtherance of the winding down of the Former Agency's affairs, with respect to the expenditure of unspent bond proceeds as permitted under HSC Section 34191.4.

U. The Oversight Board adopted Resolution No. OB 2017-__ on ____, 2017 (the "**OB Resolution**") approving the Successor Agency's execution and delivery of this Agreement.

V. The DOF has reviewed the OB Resolution and issued its letter, dated ____, 2017, approving the OB Resolution.

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

Section 1. Subject to the provisions of this Agreement and with the funding provided pursuant to this Agreement, the City agrees to perform or cause to be performed the work required for the Projects, including but not limited to the preparation of designs, plans and specifications and all demolition, construction and installations. The City shall perform such work in accordance with all applicable federal, state and local laws, rules and regulations. Subject to the covenants set forth herein, the City shall have the sole discretion with respect to the design, planning, specification and the timing with respect to all components of the Projects.

Section 2. In connection with the Refunding, the Successor Agency shall cause \$7,351,010.40 to be used to defease a portion of the 2011A Bonds.

Section 3. At such time as the Successor Agency prepares the LFROPS, the Successor Agency shall list on the LFROPS a transfer of the Balance Amount to the City for use in accordance with Section 4. As soon as practicable upon the effectiveness of LFROPS, the Successor Agency shall transfer the Balance Amount (subject to any adjustment pursuant to the DOF-approved LFROPS) to the City.

Section 4. The City shall use the 2011A Project Proceeds transferred to it pursuant to this Agreement for costs of the Projects (or reimbursement to the City for any funds advanced for costs of the Projects) in a manner consistent with the covenants in the Indenture.

Section 5. To the extent the City still holds 2011A Project Proceeds transferred pursuant to this Agreement after the completion of the Projects (as determined by the City Council), the City shall return such unspent 2011A Project Proceeds to the Successor Agency within a reasonable time after such determination.

Section 6. Each Party shall maintain books and records regarding its duties pursuant to this Agreement. Such books and records shall be available for inspection by the officers and agents of the other Party at all reasonable times.

Section 7. The Parties agree to take all appropriate steps and execute any documents which may reasonably be necessary or convenient to implement the intent of this Agreement.

Section 8. This Agreement may be amended from time to time by written instrument executed by both Parties.

Section 9. No official, agent, or employee of the Successor Agency or the City, or members of the City Council, or members of the Successor Agency governing board or Oversight Board shall be individually or personally liable for any payment hereunder in the event of any default or breach by the Successor Agency or the City, or for any amount which may otherwise become due to the City or Successor Agency, or successor thereto, or on any obligations under the terms of this Agreement.

Section 10. This Agreement is made in the State of California under the Constitution and laws of the State of California, and is to be so construed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers.

**SUCCESSOR AGENCY TO THE BREA
REDEVELOPMENT AGENCY**

By _____
[Mayor of the City of Brea
or Executive Director]

ATTEST:

City Clerk of the City of Brea

CITY OF BREA

By _____
Mayor

ATTEST:

City Clerk

EXHIBIT A

Description of Projects

1. the construction of a multi-level parking structure at the intersection of Brea Boulevard and Birch Street in the City's Downtown area.
2. any other programs, projects and activities of benefit to the Former Agency's Redevelopment Project AB, so long as the program or project is determined by the City to be consistent with the bond covenants under the Indenture.

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: City Manager

DATE: 04/04/2017

SUBJECT: Second Amendment to the Brea Mall Owner Participation Agreement OPA.

RECOMMENDATION

Adopt the Resolution Approving the Second Amendment to the Brea Mall Owner Participation Agreement.

BACKGROUND/DISCUSSION

As the Successor Agency prepares to market the 2011 Bonds for refunding, there is an opportunity to lower the amount of the future bond payments which would free up property tax revenue and thus increase the amount of property tax revenue to be paid to the taxing entities. An amendment to the Brea Mall Owner Participation Agreement to provide for fixed annual payments, with a true-up provision, is necessary to facilitate such bond refunding.

The Brea Redevelopment Merged Plan established an annual limit of \$14 million as the maximum amount of tax increment revenues allocable to the former Redevelopment Agency (RDA) for Project Area AB, in which the Mall is located. In 1988, the former RDA entered into an Owner Participation Agreement with the owners of Brea Mall (Brea Mall OPA). That agreement was amended in 1995. Under the Brea Mall OPA and the amendment, the former RDA annually paid the Brea Mall 80% of net property tax revenues generated by the site plus \$15,000. Net property tax revenues generated by the site is defined in the agreement to mean the tax increment revenue generated from the Brea Mall above the 1987-88 base year tax increment revenue.

The proposed Second Amendment to Brea Mall OPA will establish a fixed payment schedule for the OPA Annual Payments for the fiscal year beginning 2016-17 through the end of fiscal year 2021-22. The establishment of a fixed payment schedule for OPA Annual Payments will facilitate the Successor Agency's preparation of the Last and Final Recognized Obligation Payment Schedule (LFROPS).

The Successor Agency will prepare and submit the LFROPS to the Oversight Board and DOF. The LFROPS is designed to save time and expenses in that the Successor Agency, the Oversight Board, and the DOF will no longer be required to expend the resources necessary to prepare and review periodic ROPS. A fixed payment schedule for the Successor Agency's enforceable obligations assures that the amounts listed on the LFROPS and approved for funding will be sufficient to pay each years' obligations. The LFROPS is required in order for the Successor Agency to apply to DOF for approval to access approximately \$5.2 million in 2011 Series A Bonds to be used for the

Downtown Parking Structure.

In consultation with DOF staff, it was recommended to request approval of the Second Amendment to the Brea Mall OPA as part of the processing of the Annual Recognized Obligation Payment Schedule (ROPS) 17-18. The amount noted on the fixed payment schedule for 2017-18 is the amount being requested on ROPS 17-18.

The Successor Agency adopted a resolution approving a Second Amendment to the Brea Mall OPA at their meeting of January 17. A similar resolution was also approved by the Oversight Board, however, both resolutions were rejected by the California Department of Finance (DOF). The Amendment has been revised and hopefully will now be accepted by DOF.

Upon approval of this resolution by the Successor Agency, the amendment will be forwarded to the Oversight Board with a similar resolution. Upon approval by the Oversight Board, the Successor Agency and Oversight Board resolutions along with the Second Amendment to Brea Mall OPA will be forwarded to DOF for their approval. DOF has up to forty days to review and approve the Oversight Board resolution and the Second Amendment to the Brea Mall OPA.

FISCAL IMPACT/SUMMARY

The Second Amendment to the Brea Mall OPA establishes fixed payments for fiscal years 2016-17 to 2021-22 which range from \$1,575,641 for 2016-17 to \$1,770,673 for 2021-22. The total fixed payments for the six years are \$9,955,605. The Amendment provides for a “true up” during fiscal year 2021-22 which will compare the total amount for the fixed payments to the total amounts of the actual calculated payments.

If the total calculated payments are less than the total fixed payments remitted to the Mall, then the difference is owed by the Brea Mall to the Successor Agency and would be a reduction to the final fixed payment for fiscal year 2021-22. However, if the total actual calculated payments are greater than the total fixed payments remitted to the Mall, the difference would be owed to the Brea Mall. In the scenario that a “true up” is due to the Mall, that payment will be subordinate to the bond payments.

This stipulation in the amendment improves the marketability of the refunding bonds and thus reduces annual bond payments, which benefits all of the taxing entities as they would receive their share of the property tax revenue not needed for the bond payment.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Lee Squire, Financial Services Manager

Concurrence: Kathie DeRobbio, Economic Development Manager

Attachments

Resolution SA 2017-06

2nd Amendment to OPA Agreement

RESOLUTION NO. SA 2017-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA, ACTING AS THE SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDMENT TO AN OWNER PARTICIPATION AGREEMENT AND TAKING RELATED ACTIONS

A. RECITALS:

(i) The Brea Redevelopment Agency (the “**Former Agency**”) was a redevelopment agency formed pursuant to the Community Redevelopment Law, set forth in Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code (“**HSC**”);

(ii) The Former Agency undertook a program to redevelop a project area known as “Redevelopment Project AB” (the “**Project Area**”) pursuant to a redevelopment plan (the “Redevelopment Plan”) adopted and approved by the City Council of the City of Brea;

(iii) Pursuant to HSC Section 33333.4, the Redevelopment Plan established an annual limit of \$14 million (the “**Annual TI Cap**”) as the maximum amount of tax increment revenues allocable to the Former Agency with respect to the portion of the Project Area known as the “AB Merged Project”;

(iv) Pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency to the Brea Redevelopment Agency (the “**Successor Agency**”) was constituted as the successor entity to the Former Agency, and an oversight board of the Successor Agency (the “Oversight Board”) was established;

(v) AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the HSC (such Parts 1.8 and 1.85, together with any amendments and supplements thereto, being collectively referred to herein as the “Dissolution Act”);

(vi) Pursuant to HSC Section 34175(b), all contracts of the Former Agency transferred to the control of the Successor Agency by operation of law;

(vii) Pursuant to HSC Section 34177, the Successor Agency prepares Recognized Obligation Payment Schedules (each, a “**ROPS**”) at the times prescribed by the Dissolution Act, listing the payments for enforceable obligations to be made during each specified fiscal period;

(viii) Pursuant to HSC Section 34177, each ROPS must be approved by the Oversight Board and the State Department of Finance (the “**DOF**”);

(ix) Before dissolution, the Former Agency entered into an Owner Participation Agreement executed in 1988 (the “**Original OPA**”), by and between the Former Agency and Corporate Property Investors, which was amended by a First Amendment to Owner Participation Agreement, executed in 1995 (the “**First OPA Amendment**,” and together with the Original OPA, “**Brea Mall OPA**”);

(x) The Former Agency entered into the Brea Mall OPA in connection with the expansion and renovation of a development known as the “**Brea Mall**,” located within the AB Merged Project of the Project Area;

(xi) The Retail Property Trust is the current major owner and operator of the Brea Mall and has succeeded Corporate Property Investors with respect to the Brea Mall OPA (The Retail Property Trust, together with any successor or assign thereto with respect to its rights under the Brea Mall OPA, being referred to herein as the “**Brea Mall Owner**”);

(xii) Under the Brea Mall OPA (particularly, Paragraphs III.A and III.B of Attachment No. 3 of the Original OPA, as amended by the First OPA Amendment), the Former Agency (and the Successor Agency, after the Former Agency’s dissolution) must pay the Brea Mall Owner on or before the last day of each fiscal year (*i.e.*, June 30), beginning in fiscal year 1989-90 through the end of fiscal year 2021-22, an annual amount (the “**OPA Annual Payment**”), calculated according to a formula based on the tax increment revenue generated from the Brea Mall;

(xiii) In fiscal year 2003-04 (*i.e.*, after the execution and delivery of the First OPA Amendment), the amount of tax increment revenues allocable to the Former Agency with respect to the AB Merged Project reached the Annual TI Cap (and thus became limited by the Annual TI Cap);

(xiv) Based on negotiations between the Former Agency and the Brea Mall Owner, the Brea Mall Owner agreed to cap the Annual OPA Payment to the fiscal year 2003-04 amount in recognition of the Annual TI Cap, so long as the Annual TI Cap remained effective;

(xv) SB 107, which was enacted in September 2015, amended the Dissolution Act;

(xvi) HSC Section 34189(a) was amended pursuant to SB 107 to provide, in relevant part, that for the purposes of payment of enforceable obligations, the Successor Agency “is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in [HSC] Sections 33333.2, 33333.4, and 33333.6”;

(xvii) As recognized by the DOF in its May 17, 2016 approval letter for the Successor Agency’s ROPS for the fiscal year 2016-17, the Annual TI Cap is no longer applicable for the purpose of the Annual OPA Payment as the result of SB 107;

(xviii) The Successor Agency and The Retail Property Trust propose to execute an amendment to the Brea Mall OPA (the “**Second Amendment**”), substantially in the

form attached as Exhibit A, to establish a fixed payment schedule for the OPA Annual Payments through the end of fiscal year 2021-22, and an additional reconciliation payment (to the extent necessary) in fiscal year 2021-22 (the “**True-Up Payment**”);

(xix) Pursuant to HSC Section 34191.6, the Successor Agency may prepare a Last and Final ROPS (the “**LFROPS**”) and submit the LFROPS to the Oversight Board and the DOF for approval.

(xx) After the effectiveness of the LFROPS, the Successor Agency will make payments pursuant to the LFROPS;

(xxi) The execution and delivery of the Second Amendment represent a necessary step toward the Successor Agency’s preparation of an LFROPS;

(xxii) The LFROPS is designed to save time and expenses, in that the Successor Agency, the Oversight Board and the DOF will no longer be required to expend the resources necessary to prepare and review each periodic ROPS;

(xxiii) Currently, the Successor Agency must calculate the OPA Annual Payment each year and retains a fiscal consultant to assist with such calculation;

(xxiv) Under Second Amendment, the Successor Agency will not be required to calculate the OPA Annual Payment annually but, instead, be required to calculate the True-Up Payment only in fiscal year 2021-22; and as such, the execution and delivery of the Second Amendment is also expected to result in a reduction of the Successor Agency’s expenses in that respect;

(xxv) The Successor Agency has begun proceedings for the issuance of bonds (the “**Refunding Bonds**”) to refund certain outstanding bonds issued by the Former Agency (the “**Existing Bonds**”) that are secured by and payable from property tax revenues generated from the Project Area;

(xxvi) Under the current terms of the Existing Bonds and the Brea Mall OPA, the Annual OPA Payments rank senior to the Existing Bonds with respect to the pledge and lien on a portion of property tax revenues from the Project Area;

(xxvii) The establishment of a fixed payment schedule for the OPA Annual Payments (which will remain senior to the Existing Bonds and the Refunding Bonds) through the end of fiscal year 2021-22 and the subordination of the True-up Payment to the Existing Bonds and the Refunding Bonds pursuant to the terms of the Second Amendment would enhance the marketability of the Refunding Bonds, because it allows the Successor Agency to provide more definitive estimates for debt service coverage (*i.e.*, the comparison between (i) the dollar amount of property tax revenues available for payment on the Refunding Bonds and (ii) the dollar amount of principal and interest payments on the Refunding Bonds);

(xxviii) The enhanced marketability of Refunding Bonds would facilitate the generation of greater savings to the Successor Agency (which would then increase the

residual amounts available to be disbursed to the taxing entities from the Redevelopment Property Tax Trust Fund, after payment of the Successor Agency's enforceable obligations);

(xxix) In sum, the execution and delivery of the Second Amendment is expected to increase net revenues to the taxing entities;

(xxx) Under HSC Section 34181(e), the Oversight Board may approve any amendment to an agreement between the Former Agency (as succeeded by the Successor Agency) and any private party, if the Oversight Board finds the Successor Agency's execution and delivery of such amendment is in the best interests of the taxing entities;

B. RESOLUTION:

NOW, THEREFORE, be it found, determined and resolved by City Council of the City of Brea, acting as the Successor Agency to the Brea Redevelopment Agency, as follows:

1. The above recitals are true and correct and are a substantive part of this Resolution.

2. The Second Amendment, in the form attached hereto as Exhibit A, is hereby approved. Each of the Mayor of the City, the Mayor Pro Tem of the City and the Executive Director of the Successor Agency (who is the City Manager of the City) (collectively, the "**Authorized Officers**"), acting individually, is hereby authorized to execute and deliver, for and in the name of the Successor Agency, the Second Amendment, in substantially such form, with changes therein as the Authorized Officer executing the same may approve (with such approval to be conclusively evidenced by the execution and delivery thereof); provided, that such execution and delivery shall occur after the effectiveness of the Oversight Board Resolution (defined below).

3. The Oversight Board is hereby requested adopt a resolution (the "**Oversight Board Resolution**") to: (a) make a finding and determination for the purposes of HSC Section 34181(e), that the Successor Agency's execution and delivery of the Second Amendment are in the best interests of the taxing entities, and (b) direct and authorize the Successor Agency to execute and deliver the Second Amendment. The City Clerk is hereby directed to transmit this Resolution to the Oversight Board for consideration at the earliest possible date.

4. This Resolution supersedes Resolution No. SA 2017-001, in its entirety. Resolution No. SA 2017-001 is hereby rescinded.

5. The officers of the City, acting for and on behalf Successor Agency, are hereby authorized, jointly and severally, to execute and deliver any and all necessary documents and instruments and to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution and the Second Amendment.

APPROVED AND ADOPTED this 4th day of April, 2017.

Cecilia Hupp, Mayor

ATTEST:

Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was passed at a regular meeting of the City Council of the City of Brea, acting as the Successor Agency to the Brea Redevelopment Agency, held on the 4th day of April, 2017, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

Dated: April 4, 2017

Lillian Harris-Neal, City Clerk

EXHIBIT A

Second Amendment to Brea OPA
(in substantial final form)

(see attached)

SECOND AMENDMENT
(to Owner Participation Agreement)

This **Second Amendment** (this “**Second Amendment**”), dated as of _____, 2017, is entered into by and between Successor Agency to the Brea Redevelopment Agency (the “**Successor Agency**”), as successor to the former Brea Redevelopment Agency (the “**Former Agency**”), and The Retail Property Trust, a Massachusetts business trust (“**The Retail Property Trust**” or the “**Owner**”), as successor-in-interest to Corporate Property Investors, an unincorporated Massachusetts voluntary association commonly known a Massachusetts business trust, established by Declaration of Trust, dated June 24, 1971 (the “**Original Owner**”).

This Second Amendment amends the Owner Participation Agreement (the “**1988 OPA**”), executed by and between the Former Agency and the Original Owner in 1988, as amended by the First Amendment to Owner Participation Agreement (“**First OPA Amendment**,” and together with the 1988 OPA, the “**First Amended OPA**”) executed by and between the Former Agency and the Original Owner in 1995. Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the First Amended OPA. The Successor Agency and the Owner, together, are referred to below as the “**Parties**.”

RECITALS

A. The Former Agency was a redevelopment agency duly formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the California Health and Safety Code (“**HSC**”).

B. The Former Agency undertook a program to redevelop a project area known as “Redevelopment Project AB” (the “**Project Area**”) pursuant to a redevelopment plan (the “**Redevelopment Plan**”) adopted and approved by the City Council of the City of Brea.

C. Pursuant to HSC Section 33333.4, the Redevelopment Plan established an annual limit of \$14 million (the “**Annual TI Cap**”) as the maximum amount of tax increment revenues allocable to the Former Agency with respect to the portion of the Project Area known as the “AB Merged Project.”

D. Pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former Agency, and an oversight board of the Successor Agency (the “**Oversight Board**”) was established.

E. AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 the HSC. Such Parts 1.8 and 1.85, together with amendments and supplements thereto enacted from time to time, are collectively referred to herein as the “**Dissolution Act**.”

F. Pursuant to HSC Section 34175(b), all contracts of the Former Agency transferred to the control of the Successor Agency by operation of law.

G. Pursuant to HSC Section 34177, the Successor Agency prepares Recognized Obligation Payment Schedules (each, a “**ROPS**”) at the times prescribed by the Dissolution Act, listing the payments for enforceable obligations to be made during each specified fiscal period.

H. Pursuant to HSC Section 34177, each ROPS must be approved by the Oversight Board and the State Department of Finance (the “**DOF**”).

I. The Successor Agency may only make payments pursuant to a DOF-approved ROPS.

J. Before the Former Agency’s dissolution, the Former Agency and the Original Owner entered into the First Amended OPA in connection with the expansion and renovation of a development known as the “**Brea Mall**,” located within the AB Merged Project of the Project Area.

K. The Retail Property Trust is the current major owner and operator of the Brea Mall and has succeeded Corporate Property Investors with respect to the First Amended OPA.

L. Under the First Amended OPA (particularly, Paragraphs III.A and III.B of Attachment No. 3 of the 1988 OPA, as amended by the First OPA Amendment), the Former Agency (and the Successor Agency, after the Former Agency’s dissolution) must pay the Owner on or before the last day of each fiscal year (*i.e.*, June 30), beginning in fiscal year 1989-90 through the end of fiscal year 2021-22, an annual amount (the “**OPA Annual Payment**”), calculated according to a formula based on the tax increment revenue generated from the Brea Mall.

M. In fiscal year 2003-04 (*i.e.*, after the execution and delivery of the First OPA Amendment), the amount of tax increment revenues allocable to the Former Agency with respect to the AB Merged Project reached the Annual TI Cap (and thus became limited by the Annual TI Cap).

N. Based on negotiations between the Former Agency and the Owner, the Owner agreed to cap the Annual OPA Payment to the fiscal year 2003-04 amount in recognition of the Annual TI Cap, so long as the Annual TI Cap remained effective.

O. SB 107, which was enacted in September 2015, amended the Dissolution Act.

P. HSC Section 34189(a) was amended pursuant to SB 107 to provide, in relevant part, that for the purposes of payment of enforceable obligations, the Successor Agency “is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in [HSC] Sections 33333.2, 33333.4, and 33333.6.”

Q. As recognized by the DOF in its May 17, 2016 approval letter for the Successor Agency’s ROPS for the fiscal year 2016-17 (“**ROPS 16-17**”), the Annual TI Cap is no longer applicable for the purpose of the Annual OPA Payment as the result of SB 107.

R. The Parties are entering into this Second Amendment to establish a payment schedule for the OPA Annual Payments through the end of fiscal year 2021-22, so that the

Successor Agency can reflect such payments on its ROPS, including any proposed Last and Final Recognized Obligation Payment Schedule (“LFROPS”).

NOW, THEREFORE, THE PARTIES, FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES AND AGREEMENTS CONTAINED HEREIN, DO AGREE AS FOLLOWS:

Section 1. Agreement to Remain In Effect Except as Amended Hereby. Save and except as amended by this Second Amendment, the First Amended OPA shall remain in full force and effect. The First Amended OPA, as amended by this Second Amendment, shall constitute the “Agreement.”

Section 2. Fiscal Year 15-16 Annual OPA Payment. The Parties agree as follows:

(a) The payment due by the Successor Agency to the Owner pursuant to Paragraph III.A of Attachment 3 to the 1988 OPA, as amended by Section 3 of the First OPA Amendment, for fiscal year 2015-16 (*i.e.*, the installment due on or before June 30, 2016) was \$1,506,944 (the “**FY 15-16 Payment**”).

(b) Owner acknowledges that it has received \$1,426,352 from the Successor Agency for partial satisfaction of the FY 15-16 Payment. Owner understands that the payment of remaining portion of the FY 15-16 Payment, in the amount of \$80,592, has been delayed as the result of the implementation of SB 107 and the ROPS process. Such delay shall not constitute a default under the Agreement so long as the Successor Agency pays such remaining portion on or before June 30, 2017.

Section 3. Annual OPA Payment for Fiscal Years 2016-17 through 2021-22.

(a) Notwithstanding any provision in the First Amended OPA to the contrary, the Successor Agency shall pay the amounts set forth in the table below (subject only to any true-up adjustment pursuant to Section 4). Each such payment, upon receipt by the Owner, shall constitute satisfaction of the Annual OPA Payment due under Paragraph III.A of Attachment 3 to the 1988 OPA (as amended by Section 3 of the First OPA Amendment) for each relevant fiscal year, subject only to the provisions of Section 4 below:

Fiscal Year	Due Date	Amount
2016-17	June 30, 2017	\$1,575,641
2017-18	June 30, 2018	1,583,169
2018-19	June 30, 2019	1,628,662
2019-20	June 30, 2020	1,675,065
2020-21	June 30, 2021	1,722,395
2021-22	June 30, 2022	1,770,673
Total:		\$9,955,605

(b) The Owner acknowledges that the Successor Agency intends to prepare an LFROPS pursuant to HSC Section 34191.6, and will include a line item on the LFROPS to reflect the payment schedule set forth in Section 3(a).

Section 4. True-Up.

(a) By no later than October 31, 2021, the Successor Agency shall provide a written report (the “**True-Up Report**”) to the Owner, showing: (i) the total dollar amount of the Annual OPA Payments for Fiscal Years 2016-17 through 2021-22 (inclusive) based on the schedule set forth in Section 3(a) (the “**Amendment Payments**”), and (ii) the total dollar amount of the Annual OPA Payments which would have been due pursuant to Paragraph III.A of Attachment 3 to the 1988 OPA (as amended by Section 3 of the First OPA Amendment), if this Second Amendment had never taken effect (the “**Original Formula Payments**”). If the Owner has any objection to the Successor Agency’s calculations as shown in the True-Up Report, the Owner shall notify the Successor Agency by November 30, 2021 in writing (an “**Objection Notice**”). (If the Owner does not give any such Objection Notice by November 30, 2021, that shall serve as evidence of the Owner’s agreement with the True-Up Report and constitute a waiver to any future objections.) The Successor Agency and the Owner shall negotiate in good faith to resolve any disagreement regarding the True-Up Report.

(b) Based on the True-Up Report (as adjusted per the Parties’ agreement, if the Owner files a timely Objection Notice), if the total dollar amount of the Amendment Payments is greater than the total dollar amount of the Original Formula Payments (such difference being the “**Adjustment Amount**”), then the Successor Agency’s payment pursuant to Section 3(a) for Fiscal Year 2021-22 shall be reduced by the Adjustment Amount. In other words, the Successor Agency’s payment for Fiscal Year 2021-22 shall equal \$1,770,673 minus the Adjustment Amount.

(c) Based on the True-Up Report (as adjusted per the Parties’ agreement, if the Owner files a timely Objection Notice), if the total dollar amount of the Original Formula Payments is greater than the total dollar amount of the Amendment Payments (such difference being the “**SA True-Up Amount**”), then the Successor Agency shall undertake proceedings to amend its LFROPS to reflect the SA True-Up Amount. The Successor Agency shall promptly pay the SA True-Up Amount to the Owner from available Redevelopment Property Tax Trust Fund disbursements, after the effectiveness of the amended LFROPS.

Section 5. Pledge of Net Property Tax Revenues. With respect to the Amendment Payments based on the schedule set forth in Section 3(a), the Successor Agency hereby affirms that each and all of such Amendment Payments shall continue to be secured by a pledge of the Net Property Tax Revenues generated from the Site, senior to other bonded indebtedness of the Successor Agency; provided, that the SA True-Up Amount (to the extent that any will be due) shall be secured by a pledge of the Net Property Tax Revenues generated from the Site on a subordinate basis to the currently outstanding bonded debt of the Successor Agency (whether originally incurred or issued by the Former Agency or the Successor Agency) and any future bonded debt that will be incurred to refund such outstanding bonds (so long as the refunding meets the savings requirements under California Health and Safety Code Section 34177.5(a)).

Section 6. Miscellaneous Provisions.

(a) This Second Amendment shall be governed by, interpreted under, construed and enforced, in accordance with the laws of the State of California.

(b) If any provision of this Second Amendment is found to be invalid, or if the application of this Second Amendment to any person or circumstance is disallowed or found to be invalid, the remainder of the provisions of this Second Amendment, or the application thereof, to persons or circumstances other than those to which its application was disallowed or found invalid, will not be affected and will remain in full force and effect.

(c) This Second Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

**SUCCESSOR AGENCY TO THE BREA
REDEVELOPMENT AGENCY**

By _____
Mayor of the City of Brea

ATTEST:

City Clerk of the City of Brea

**THE RETAIL PROPERTY TRUST,
a Massachusetts business trust**

By: _____

Print Name: _____

Title: _____

City of Brea

COUNCIL COMMUNICATION

FROM: City Manager

DATE: 04/04/2017

SUBJECT: March 24, 2017 Successor Agency Check Register - Receive and File.

Attachments

03-24-17 SA Check Register

City Check Register for: Mar 24, 2017

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
2414	BANDERA ESTATES	03/24/2017	3121	511626224	SENIOR SUBSIDY APR17	\$1,270.00
BANDERA ESTATES						Total Check Amount: \$1,270.00
2415	MEHRAB BEHVANDI	03/24/2017	4277	511626224	SENIOR SUBSIDY APR17	\$254.00
MEHRAB BEHVANDI						Total Check Amount: \$254.00
2416	BREA WOODS SENIOR APARTMENTS	03/24/2017	1955	511626224	SENIOR SUBSIDY APR17	\$508.00
BREA WOODS SENIOR APARTMENTS						Total Check Amount: \$508.00
2417	BROOKDALE - BREA	03/24/2017	4623	511626224	SENIOR SUBSIDY APR17	\$254.00
BROOKDALE - BREA						Total Check Amount: \$254.00
2418	CITY OF BREA	03/24/2017	1003	511	REIMB COSTS 16/17 FEB	\$25,355.01
CITY OF BREA						Total Check Amount: \$25,355.01
2419	CRESTMONT MOBILE HOME PARK	03/24/2017	2627	511626224	SENIOR SUBSIDY APR17	\$254.00
CRESTMONT MOBILE HOME PARK						Total Check Amount: \$254.00
2420	HERITAGE PLAZA APARTMENTS	03/24/2017	1917	511626224	SENIOR SUBSIDY APR17	\$1,016.00
HERITAGE PLAZA APARTMENTS						Total Check Amount: \$1,016.00
2421	HOLLYDALE MOBILE ESTATES	03/24/2017	4250	511626224	SENIOR SUBSIDY APR17	\$254.00
HOLLYDALE MOBILE ESTATES						Total Check Amount: \$254.00
2422	HOLLYDALE MOBILE ESTATES	03/24/2017	4577	511626224	SENIOR SUBSIDY APR17	\$254.00
HOLLYDALE MOBILE ESTATES						Total Check Amount: \$254.00
2423	KEYSER MARSTON ASSOCIATES, INC.	03/24/2017	2005	511000000	GTWYCTR LSE B/O FEB17	\$2,145.00
KEYSER MARSTON ASSOCIATES, INC.						Total Check Amount: \$2,145.00
2424	LAKE PARK BREA	03/24/2017	2433	511626224	SENIOR SUBSIDY APR17	\$3,048.00
LAKE PARK BREA						Total Check Amount: \$3,048.00
2425	ORANGE VILLA SENIOR APARTMENTS	03/24/2017	2132	511626224	SENIOR SUBSIDY APR17	\$254.00
ORANGE VILLA SENIOR APARTMENTS						Total Check Amount: \$254.00
2426	RICHARDS WATSON & GERSHON	03/24/2017	2280	511000000	GEN LGL SVCS 12/31/16	\$3,096.00
RICHARDS WATSON & GERSHON						Total Check Amount: \$3,096.00
2427	VINTAGE CANYON SENIOR APARTMENTS	03/24/2017	4081	511626224	SENIOR SUBSIDY APR17	\$1,524.00
VINTAGE CANYON SENIOR APARTMENTS						Total Check Amount: \$1,524.00
2428	COUNTY OF ORANGE	03/24/2017	1029	519000000	SALE OF 340 N ORANGE	\$364,014.90
COUNTY OF ORANGE						Total Check Amount: \$364,014.90
Check Subtotal						\$403,500.91

TOTAL \$403,500.91