



AGENDA

Victor P. Lopez, Mayor

Diana Guerra Silva, Mayor Pro Tem
Roy Rodriguez, Council Member

Josie Cervantes, Council Member
Esperanza Rodriguez, Council Member

WEDNESDAY, January 23, 2019 - 6:30 P.M.
Orange Cove Council Chambers
633 6th Street, Orange Cove, California 93646

A. Call to Order/Welcome

Roll Call
Invocation
Flag Salute

B. Confirmation of Agenda

C. Consent Calendar

1. Minutes of the December 20, 2018 special City Council meeting.

D. Administration

City Engineer

2. **SUBJECT:** PUBLIC HEARING - Consideration and Discussion regarding the Amendment of the City of Orange Cove Housing Element 2016-2023 and Zoning Ordinance Amendment 18-01, Housing Element-related amendments

Recommendation: Staff recommends the Council to consider approving the following:

- a. City Council approve the Planning Commission's recommendation to approve the amendment to the 2016-2023 Housing Element and approve Resolution 2019-09.
- b. City Council introduce the first reading waving full reading by title only of Ordinance No. 385 Amending Title 17, by The Addition of Provisions Related to Housing for Developmentally Disabled Adults as a Permitted Use in Various Zoning Districts and Providing for the Enactment and Publication Thereof.

Interim City Manager:

3. **SUBJECT:** FOCAS (Friends of Orange Cove Animal Shelter) revised agreement

Recommendation: Council to consider approving the revised agreement between the City of Orange Cove and FOCAS (Friends of Orange Cove Animal Shelter)

4. **SUBJECT:** Contract Extension for the Interim City Manager Rudy Hernandez for Interim City Management and Financial Services

Recommendation: Council to approve the Contract Extension for the Interim City Manager Rudy Hernandez for Interim City Management and Financial Services

E. City Council & Successor Agency

5. **SUBJECT:** Consideration of Proposal for Fiscal Year 2019-20 Successor Agency Consulting Services by RSG, Inc.

Recommendation: Successor Agency Adopt Resolution No. SA 2019-01 Approving a Contract with RSG, Inc. to Provide Consulting Services to the Successor Agency through Fiscal Year 2019-20

6. **SUBJECT:** Consider a Bond Expenditure Agreement between the City of Orange Cove and the Orange Cove Redevelopment Successor Agency for the transfer of excess bond proceeds from the Successor Agency to the City

Recommendation: Adopt City Council Resolution No. 2019-07 and SA Resolution No. 2019-02 Approving a Bond Expenditure Agreement between the City of Orange Cove and the Orange Cove Successor Agency

7. **SUBJECT:** Recognized Obligation Payment Schedule 19-20 for the July 1, 2019 through June 30, 2020 period and Administrative Budget for Fiscal Year 2019-20

8. **SUBJECT:** Single Family Housing Rehabilitation Grant Program Guidelines

Recommendation: Council to consider adopting Resolution No. 2019-08 approving the City of Orange Cove Single-Family Housing Rehabilitation Program Guidelines

F. Public Forum

Members of the public wishing to address the City Council on an item that is not on the agenda may do so now. No action will be taken by the City Council this evening. But items presented may be referred to the City Manager for follow up and a report. In order to allow time for all comments, each individual is limited to three minutes. When addressing the Council, you are requested to come forward to the speakers microphone, state your name and address, and then proceed with your comments.

G. City Manager's Report

H. City Attorney's Report

I. City Council Communications

J. CLOSED SESSION

9. Conference with real property negotiator Government Code Section 54956.8

- a. Property: 46,560 Square Feet Parcel 378-030-40T20 Acres of Unimproved Land (located at corner of Anchor Avenue and Sumner Avenue); Fresno County
City Negotiator: Interim City Manager
Negotiating Parties: Hallaian Development, agent for HD Corcoran
Under Negotiation: Price and Terms of Payment

K. Reconvene City Council Meeting

L. Adjournment

ADA Notice: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at (559) 626-4488 ext. 214. Notification 48 hours prior to the meeting will enable the City to make arrangements to ensure accessibility to this meeting.

Documents: Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at front counter at City Hall and at the Orange Cove Library located at 815 Park Blvd., Orange Cove, CA during normal business hours. In addition, most documents are posted on City's website at cityoforange Cove.com.

STATEMENT ON RULES OF DECORUM AND ENFORCEMENT

The Brown Act provides that members of the public have a right to attend public meetings, to provide public comment on action items and under the public forum section of the agenda, and to criticize the policies, procedures, or services of the city or of the acts or omissions of the city council. The Brown Act also provides that the City Council has the right to exclude all persons who willfully cause a disruption of a meeting so that it cannot be conducted in an orderly fashion.

During a meeting of the Orange Cove City Council, there is a need for civility and expedition in the carrying out of public business in order to ensure that the public has a full opportunity to be heard and that the Council has an opportunity to conduct business in an orderly manner. The following is provided to place everyone on notice of the rules of decorum and enforcement.

GENERAL RULES OF DECORUM

While any meeting of the City Council is in session, the following rules of decorum shall be observed:

1. All remarks shall be addressed to the City Council as a whole and not to any single member, unless in response to a question from a member of the City Council.
2. A person who addresses the City Council under public comment for a specific agenda item or under the Public Forum section of the agenda may not engage in speech or conduct (i) which is likely to provoke others to violent or riotous behavior, (ii) which disturbs the peace of the meeting by loud and unreasonable noise, (iii) which is irrelevant or repetitive, or (iv) which disrupts, disturbs, or otherwise impedes the orderly conduct of any City Council meeting.
3. A person, other than members of the Council and the person, who has the floor, shall not be permitted to enter into the discussion unless requested by the Mayor to speak.
4. Members of the City Council may not interrupt a person who has the floor and is making public comments. Members of the City Council shall wait until a person completes his or her public comments before asking questions or commenting. The Mayor shall then ask Councilmembers if they have comments or questions.
5. No person in the audience at a Council meeting shall engage in disorderly or boisterous conduct, including the utterance of loud, threatening or abusive language, whistling, stamping of feet or other acts which disturb, disrupt or otherwise impede the orderly conduct of any Council meeting.

ENFORCEMENT OF DECORUM RULES (Resolution No. 2012-16)

While the City Council is in session, all persons must preserve order and decorum. A person who addresses the City council under public comment for a specific agenda item or under the Public Forum section of the agenda may not engage in speech or conduct which is likely to provoke others to violent or riotous behavior, which disturbs the peace of the meeting by loud and unreasonable noise, which is irrelevant or repetitive, or which disrupts, disturbs, or otherwise impedes the orderly conduct of any City Council meeting.

The Mayor or other presiding officer shall request that a person who is breaching the rules of decorum cease such conduct. If after receiving such a warning, the person

persists in breaching the rules of decorum, the Mayor or other presiding officer may order the person to leave the City Council meeting. If such person does not leave, the Mayor or presiding officer may request any law enforcement officer who is on duty at the meeting as sergeant-at-arms to remove the person from the Council Chambers. In the event there is no one from law enforcement present, the Mayor or presiding officer may direct the City Manager to contact law enforcement.

In accordance with the Point of Order Rule 4.6, the majority of the Council may overrule the Mayor if the majority of the Council believes the Mayor or other presiding officer is not applying the rules of decorum appropriately.



MINUTES SPECIAL MEETING

Victor P. Lopez, Mayor

**Diana Guerra Silva, Mayor Pro Tem
Roy Rodriguez, Council Member**

**Gilbert Garcia, Council Member
Josie Cervantes, Council Member**

**THURSDAY, December 20, 2018 - 6:00 P.M.
Orange Cove Community Center
1705 Anchor Avenue, Orange Cove, California 93646**

A. Call to Order/Welcome

COUNCIL PRESENT: Mayor Victor P. Lopez
Mayor Pro Tem Diana Guerra Silva
Councilmember Gilbert Garcia (Absent)
Councilmember Roy Rodriguez
Councilmember Josie Cervantes

STAFF PRESENT: Interim City Manager/Financial Consultant Rudy Hernandez
Police Chief Marty Rivera
City Attorney, Dan McCloskey
City Clerk June V. Bracamontes

INVOCATION: Mayor Pro Tem Diana Guerra Silva

FLAG SALUTE: Mayor Victor P. Lopez

B. Confirmation of Agenda

No change.

C. Administration

City Clerk

1. **SUBJECT:** Consideration and Discussion regarding the Certification of the Fresno County Clerk Election Results of the Canvass of the November 6, 2018 Consolidated General Election and Recognition of Outgoing Councilmembers, Installation of Newly Elected Councilmembers

Recommendations:

- A. Council to approve Resolution No. 2018-51 Reciting the Fact of the General Municipal Election

Upon the motion by Councilman Gilbert and seconded by Councilman Rodriguez, Council approved Resolution No. 2018-51 Reciting the Fact of the General Municipal Election

Yes: Lopez, Silva, Garcia, Rodriguez
No: None
Absent: Cervantes
Abstain: None

- B. Presentation by Mayor Victor P. Lopez recognizing Gilbert Garcia

Mayor Lopez and Council presented an award in recognizing Councilman Gilbert Garcia and thanked him for his many years of service for the City of Orange Cove

Mr. Gilbert Garcia thanked the public for their support during his time of office.

- C. City Clerk to Give Oaths of Office and present Certificates of Election to Victor P. Lopez, Esperanza Rodriguez and Roy Rodriguez

City Clerk, June V. Bracamontes, gave the Oaths of Office and Certificates of Election to Mayor Victor P. Lopez and Councilmembers Esperanza Rodriguez and Roy Rodriguez.

Mayor Lopez, Councilmembers Esperanza Rodriguez and Roy Rodriguez thanked the public for their support in the election and will do their best to carry out to make the city prosperous. Thanked Fire Department, Police Department and City Staff.

D. Public Forum

Members of the public wishing to address the City Council on an item that is not on the agenda may do so now. No action will be taken by the City Council this evening. But items presented may be referred to the City Manager for follow up and a report. In order to allow time for all comments, each individual is limited to three minutes. When addressing the Council, you are requested to come

forward to the speakers microphone, state your name and address, and then proceed with your comments.

1. Clara Lopez presented that she was very proud of her brother Victor Lopez, Roy Rodriguez and Esperanza Rodriguez for working very hard and for their dedication.
2. David Lopez congratulated the new elected officials and looking forward for the years to come.

E. Adjournment

Mayor Lopez adjourned the City Council Meeting at 7:30 p.m.

RESPECTFULLY SUBMITTED:

June V. Bracamontes, City Clerk
City of Orange Cove

Victor P. Lopez, Mayor

PRESENTED TO COUNCIL:

DATE: _____

ACTION: _____

**City of Orange Cove
Agenda Item Transmittal**

Meeting Date: January 23, 2019

Agenda Item Number (Assigned by City Clerk):

Wording for Agenda: Amendment to the Orange Cove Housing Element, 2016-2023, and Zoning Ordinance Amendment 18-01, Housing Element-related amendments

Submitting Department: Planning Department

Contact Name and Phone Number: Greg Collins, 734-8737

For action by:

☐ Commission
☒ City Council

Regular Session:

☐ Consent Calendar
☐ Regular Item
☒ Public Hearing

Review:

**City Administrator
(Initials Required)**

Department Recommendation:

1. That the City Council uphold the Planning Commission's recommendation approving an amendment to the 2016-2023 Housing Element and approve Resolution 2019 - 09.
2. That the City Council introduce Ordinance No. 385 approving Zoning Ordinance Amendment 19-01, which amends certain sections of the zoning ordinance so that it is consistent with state planning law as it refers to housing elements.

Summary/Background:

The Planning Commission held public hearing on the draft Orange Cove Housing Element at their January 15, 2019. The Commission reviewed both the draft housing element and its associated zoning ordinance amendments. Staff indicated to the Commission to be consistent with state housing law it was important to amend certain sections of the Orange Cove Zoning Ordinance. The Planning Commission recommended to the City Council that the proposed amendments to the Housing Element be adopted.

The Housing Element is an element of the Orange Cove General Plan. Unlike other elements of the general plan, the housing element must be reviewed and "certified" by the State Department of Housing and Community Development (HCD). Sometimes, failure to receive certification can prevent a city (or county) from receiving certain state grants. Over the years, the state has been playing a more active role in insuring that all the relevant housing data, analysis, and programs are contained in the document.

Housing Element law, as described above, requires the community to formulate a "blueprint" on how local housing needs will be accomplished. Further, how will Orange Cove facilitate the construction of the housing figures detailed in Fresno County Association Governments (COG) Regional Housing Needs Plan?

Fast forward to 2018. The State Department of Housing and Community Development (HCD) has requested additional amendments to the Housing Element as well as to certain sections of

the Orange Cove Zoning Ordinance (see attached letter). Planning staff has been in conversation with representatives of HCD and they have indicated that the City, in order to have their housing element certified, must make these amendments.

These proposed amendments to the Housing Element and Zoning Ordinance are in addition to the amendments that were approved by the Orange Cove Planning Commission and City Council in 2016.

Approval of the amended Housing Element commits the City Council to implementing the goals, policies and actions contained in the Element. In order to ensure the certification of the Orange Cove Housing Element by HCD, it also requires certain sections of the Zoning Ordinance be amended. For example, emergency shelters must be permitted in certain districts by right. Also, transitional and supportive housing must be permitted in Orange Cove's residential districts by right (no conditional use permit requirement). These recommended amendments are detailed below.

The state-required modifications to the draft Housing Element are detailed in blue in the document. There were other parts of the element where the state has recommended certain information be deleted. This text will be shown as ~~strike thru~~.

Proposed Amendments to the 2016-2023 Housing Element are detailed below.

HCD requested additional text in Chapter 4: Special Housing Needs for developmentally disabled and homeless.

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Persons with disabilities, [including persons with developmental disabilities](#), in Orange Cove face unique problems in obtaining affordable and adequate housing. This segment of the population, which includes individuals with mental, physical, and developmental disabilities need affordable, conveniently located housing which, where necessary, has been specially adapted for wheelchair accessibility, along with other physical needs.\

[A "developmental disability" is defined as a disability that originates before an individual becomes 18 years old; continues, or can be expected to continue, indefinitely; and constitutes a substantial disability for that individual. This includes mental retardation, cerebral palsy, epilepsy, and autism. The California Department of Developmental Services \(DDS\) maintains an accounting of the number of people served by zip code or city. For the two zip codes that cover the city, 93646 and 93675, the DDS info indicates 90 and 11 clients, respectively.](#)

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[The City has added a housing program that focuses on persons with developmental disabilities. Care and housing for this special population is often provided by agencies or individuals operating out of single-family homes that care for eight or fewer of these individuals that live in a residential setting. These homes, termed intermediate care/developmentally disabled living units, are a permitted use in all of Orange Cove's residential districts for six or fewer persons. Orange Cove's program will expand the permitted number to eight.](#)

The population of homeless individuals or homeless families living in Orange Cove is very small. A few homeless persons reside in Orange Cove year-around while others surface during the citrus picking season. [The Fresno Multi-Jurisdictional Housing Element, adopted in April of 2016](#), provided the following analysis, which provided some specific information on Orange Cove.

“The Fresno-Madera Continuum of Care (FMCoC) conducts a point in time (PIT) survey of homeless persons every two years. Due to limited resources, the PIT does not survey every jurisdiction in the county. Instead, the FMCoC separates rural communities into three categories based on population. One representative community from each category is counted and that count was used for the other jurisdictions in the same category. The low population community, Firebaugh, was counted and had 6 homeless persons. Orange Cove, being a low population community was estimated to have the same number of homeless persons. (See Table 2-35 – High, Medium, and Low Population Rural Communities, page 2.56, Fresno Multi-Jurisdictional Housing Element, Adopted April 2016).”

HCD requested additional text in Chapter 5: Regional Housing Needs Allocation.

Table 31
City of Orange Cove
Regional Housing Need Allocation (2013 to 2023)

Income Category	New Construction Need
Extremely Low-Income	56 units
Very Low (0-50% of AMI)	55 units
Low (51-80% of AMI)	86
Moderate (81-120% of AMI)	105
Above Moderate (over 120% of AMI)	367
Total Units	669 units

Source: Fresno COG Regional Housing Allocation Plan, 7/31/2014

Table 33
Remaining Need based on Units Built/Under Construction
(1/1/2016 to 2023)

Income Category	Housing Units
Extremely Low-Income	56
Very Low (0-50% of AMI)	55 units
Low (51-80% of AMI)	83
Moderate (81-120% of AMI)	104
Above Moderate (over 120% of AMI)	369

Total Units**665 units**

HCD requested additional text in Chapter 6: Adequate Sites Inventory and Analysis.

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A recent sites inventory of land in Orange Cove that has been subdivided was prepared in March 2016. 137 acres of land that was designated and zoned for residential development and subdivided remained vacant. This acreage would yield 542 units. About 538 of these units would be condominium/townhouse units.

Table 34**Available Land Inventory Summary****(large acreage residential parcels inside Orange Cove city limits)**

Subd. Tract	Acreage	Zone	Units	Constraints	General Plan
No. 5796	9.5	R-1-6	84	none	low
No. 5797	40	R-1-6	86	none	low
No. 5794	10	R-1-6	4	none	low
No. 5904	3.75	R-1-6	16	none	low
No. 5954	3.47	R-1-6	19	none	medium
No. 5692	40	R-1-6	183	none	medium
No. 5381	30.7	R-1-6	150	none	medium
No. 5940	80	R-2/R-1-6	768	flooding	medium
TOTAL		137 acres	542 units		

Table 35**Available Land Inventory Summary****(multi-family parcels inside Orange Cove city limits)**

APN	Acres	Zoning	Unit Yield	Constraints	GP
375-183-01	.17	R-3-A	5		medium
375-183-12	.19	R-3	5		medium
378-020-03	19.51	R-2	283	annexation pending	medium
378-020-04	9.22	R-3	267	annexation pending	high
378-020-05	9.67	R-2	140	annexation pending	medium
378-061-02	.19	R-3	5.5		high
378-081-06	.26	R-3	7.5		high
378-112-01	.19	R-2	2		medium
Total	1 acre		25 dwelling units		

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Conclusion

Based on 2018 revised acreage numbers and also based on the fact that 80 acres in the southeast quadrant of Orange Cove was never annexed into the city, it is apparent that Orange Cove will be required to rezone and/or annex residential land in order to meet its Regional Housing Needs Plan (RHNP) obligation. A new program has been added to the Element to rezone and/or annex land into the City with the condition that a minimum of ten acres be zoned to a density of 20 units per acre. This new program will be implemented within one year from the adoption of the revised Housing Element.

~~If Orange Cove doesn't annex any additional land during the planning period, 2016 to 2023, it will still be able to meet its regional housing needs numbers. In fact, Orange Cove has an abundance of land available for a range of housing types. It is conservatively estimated that Orange Cove has enough residentially zoned land within its city limits to meet its housing obligations for the next 13 years (2,022 dwelling units / 104 housing units per year = 19.44 years).~~

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To ensure that there are zoned sites for multi-family developments that will support affordable rental housing are available in Orange Cove, a new policy and action program will be added to the housing element.

Page 82 and 83

Emergency shelters have been added (2016) to the permitted use list of Orange Cove's M-1 and M-2 districts. There are 7 parcels zoned to the M-1 district, all located along West or East Railroad Avenues. Three of the parcels are owned by the City of Orange Cove (12 acres). All of the parcels are within walking distance of shopping, recreational and medical services.

While transitional and supportive housing has been added to the permitted use list of all of Orange Cove's residential districts, HCD has required additional revisions. Orange Cove's Mixed Use (M-U) district lists transitional and supportive housing as a conditional use. This section of the M-U district shall be amended to move this use to the permitted use section of this district. Further, these types of uses will also be permitted in above ground commercial or office uses.

HCD requested additional text in Chapter 9: Program Overview and Quantified Objectives

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The Orange Cove City Council initiated annexation of the 80 acres referenced above, which is located west of Jacobs Avenue between South and Parlier avenues, in October of 2009. Initiation was conducted consistent with Government Code Section 56000, the Knox-Cortese-Hertsberg Local Government Reorganization Act of 2000. 27 acres of these 80 acres was zoned to the R-2 zone district; nine acres was zoned to the R-3 zone district. These two zone districts will accommodate multi-family residential housing that is affordable to lower-income households. ~~Unfortunately, the 80-acre annexation was never completed, however, there is a program to re-initiate this annexation along with the multi-family zoning that would accompany the annexation.~~

Adequate Sites Programs

1. Orange Cove updated its General Plan in 2003. Zoning ordinance amendments that followed the adoption of the general plan reclassified land that was annexed into the city to various residential zone districts. The Land Use Element designated this 80-acre annexation for residential development. The property is located west of Jacobs Street between South and Parlier Avenues

Discussion: Within Orange Cove's city limits, a significant amount of land is available for residential development - 182 acres of vacant land zoned for residential development inside the city limits. This acreage will accommodate 1,125 units. The City's most recent annexation added 80 acres of land to the city limits. This acreage, which includes a park site, is proposed to accommodate 168 single-family dwellings and 392 apartments. The 1,125 acres allocated for residential development can easily accommodate the city's residential needs through the year 2023.

The Orange Cove City Council initiated annexation of the 80 acres referenced above, which is located west of Jacobs Avenue between South and Parlier avenues, in October of 2009. Initiation was conducted consistent with Government Code Section 56000, the Knox-Cortese-Hertsberg Local Government Reorganization Act of 2000. 27 acres of these 80 acres was zoned to the R-2 zone district; nine acres was zoned to the R-3 zone district. These two zone districts will accommodate multi-family residential housing that is affordable to lower-income households. Unfortunately, the 80-acre annexation was never completed, however, there is a program to re-initiate this annexation along with the multi-family zoning that would accompany the annexation.

Time Period: ongoing in that the development has not commenced

Responsible Agency: City of Orange Cove, Planning Department

Funding: General fund

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10. The City of Orange Cove will initiate both annexation and rezoning of at least 10 acres of land currently inside the city limits for the purpose of reclassification to the R-3 district, which permits by right a density of more than 20 units per acre. As a part of the annexation and reclassification, the city will also seek tax credit housing developers to participate in the reclassification or annexation process. Tax credit projects are very successful in meeting extremely low and very low housing unit demands.

Discussion: The City of Orange Cove needs to revisit the 80-acre annexation on the east side of Anchor Avenue that was initiated in 2009. If successful, this property could provide the necessary property for high density residential zoning that would help the city meet its RHNA numbers.

Paralleling this proposed future annexation, the city will rezone, at a minimum, 10 acres of land to the R-3 district. The Planning Department recommends that this high-density residential zoning be scattered around the community and not concentrated in any one neighborhood.

The rezoned sites will:

* Accommodate 100 percent of the lower income housing need for which site capacity has not been identified.

* Allow and limit by-right approval to only owner-occupied and rental multifamily residential use developments in which at least 20 percent of the units are affordable to lower income households.

* Have site capacity of at least 16 units

* Have a minimum density of at least 20 units per acre. For example, 20 to 25 units per acre. Not, 16 to 24 units per acre.

* Accommodate at least 50 percent of the lower income housing need on sites designated for residential use only or accommodate 100 percent of the lower income housing need on mixed-use sites if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed-use project.

Time Period: 2018/2019

Responsible Agency: City of Orange Cove, Planning Department

Funding: General Fund

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13. The City of Orange Cove has prepared a number of amendments to its Zoning Ordinance that recognize certain types of residential land uses, including homes for developmentally disabled.

Discussion: Care and housing for persons with developmental disabilities is often provided by agencies or individuals operating out of single-family homes that care for six or fewer of these individuals that live in a residential setting. These homes, termed intermediate care/developmentally disabled living units, are a permitted use in all of Orange Cove's residential districts, however, the City intends to amend its Zoning Ordinance to expand the permitted number to eight.

Time Period: 2018/19

Responsible Agency: City of Orange Cove Planning Department

Funding: General Fund

14. The City of Orange Cove has prepared a number of amendments to its Zoning Ordinance that recognize certain types of residential land uses, including transitional and supportive housing. These uses have been added to the permitted use list of Orange Cove's residential districts.

Discussion: Orange Cove's Mixed-Use (MU) district allows dwelling units in above ground commercial and office uses. The City will amend the MU district to list transitional and supportive housing units as permitted uses, both ground level and above ground.

Time Period: 2018/19

Responsible Agency: City of Orange Cove Planning Department

Funding: General Fund

Proposed Amendments to the Orange Cove Zoning Ordinance as per the Amended 2016-2023 Housing Element

Orange Cove Zoning Ordinance amendments that will help Orange Cove comply with state housing law are detailed below. These zoning ordinance amendments will implement policies and programs detailed in the Orange Cove's amended housing element.

Chapter 17.08, RA, Single-Family Residential/Agricultural District

17.08.02 Permitted Uses

- O. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.10, R-1-12, Single-Family/Low Density Residential District

17.10.02 Permitted Uses

- K. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.12, R-1-6, Single-Family/Medium Density Residential District

17.12.02 Permitted Uses

- K. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.14, R-1-3, Single-Family/Medium Density Residential District

17.14.02 Permitted Uses

- K. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.18, R-2, Medium/High Density Residential District

17.18.02 Permitted Uses

- F. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.20, R-3, High Density Multi-Family Residential District

17.20.02 Permitted Uses

- J. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.33, M-U, Mixed-Use District

17.33.12 Permitted Uses

- I. Developmentally Disabled Housing, eight or fewer persons
- J. Supportive and Transitional Housing, above ground and ground floor

Prior City Council Action: Approved Orange Cove Housing Element in 2016.

Attachments: Resolution No. 19 - _____ and Ordinance No. _____

Recommended motion to be made by Council:
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That the City Council uphold the Planning Commission's recommendation approving an amendment to the 2016-2023 Housing Element and approve Resolution 2019 - _____.
--

That the City Council introduce Ordinance No. _____ approving Zoning Ordinance Amendment 19-01, which amends certain sections of the zoning ordinance so that it is consistent with state planning law as it refers to housing elements.
--

RESOLUTION NO. 2019-09

**BEFORE THE CITY COUNCIL
CITY OF ORANGE COVE, STATE OF CALIFORNIA**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE COVE
APPROVING AN AMENDMENT TO THE ORANGE COVE HOUSING ELEMENT,
2016-2023**

WHEREAS, the State requires local governments to update their Housing Element every five to seven years, and

WHEREAS, the City of Orange Cove has prepared an update to its Housing Element consistent with Article 10.6 of the State Government Code, and

WHEREAS, a public hearing notice was published ten days prior to the City Council's meeting on this matter, and

WHEREAS, the Planning Department has presented a report for this project, and

WHEREAS, the Planning Commission held a public hearing on this project, accepted testimony, reviewed the staff report and recommended approval of said Amended Housing Element to the Orange Cove City Council, and

WHEREAS, staff reviewed with the City Council the contents and purpose of the Amendment to the Orange Cove Housing Element prior to the Council's public hearing, and

WHEREAS, the City Council held a public hearing on the Housing Element Amendment, took testimony both for and against, asked questions of planning staff regarding the proposed Housing Element Amendment.

NOW, THEREFORE, BE IT RESOLVED that the City Council, after considering all the evidence presented, determined the following findings were relevant in evaluating this general plan element:

1. The project is consistent with the Orange Cove General Plan.
2. The element will not have a significant impact on the environment and a negative declaration on the Housing Element was approved in 2016.
3. The element will not have an adverse impact on the health, safety or welfare of the neighborhood or community.

4. The Housing Element Amendment has been received by the State Department of Housing and Community Development for review and comment and said amendments have been made to the Housing Element consistent with HCD's comments.

BE IT FURTHER RESOLVED, that the City Council hereby approves an Amendment to the 2016-2023 Orange Cove Housing Element. The foregoing resolution was adopted upon a motion of Council member member _____, seconded by Council member _____ at a regular meeting of the City of Orange Cove City Council on the ____ day of _____ 2019, by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Mayor

City Clerk

ORDINANCE NO. 385

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ORANGE COVE AMENDING TITLE 17, BY THE ADDITION OF PROVISIONS RELATED TO HOUSING FOR DEVELOPMENTALLY DISABLED ADULTS AS A PERMITTED USE IN VARIOUS ZONING DISTRICTS AND PROVIDING FOR THE ENACTMENT AND PUBLICATION THEREOF.

WHEREAS, the City of Orange Cove Planning Commission ("Commission") has recommended that the City Council of the City of Orange Cove ("Council") amend the City of Orange Cove Municipal Code ("Code") in order to bring the City Housing Element into compliance regarding housing for developmentally disabled persons ; and

WHEREAS, the Commission held a duly noticed public meeting and took public testimony regarding the proposed recommendation by the Commission; and

WHEREAS, the Council has determined that the proposed amendment to the Code is necessary and will bring the City's Housing Element into compliance.

NOW, THEREFORE, The City Council of the City of Orange Cove does hereby ordain as follows:

Section I: Title 17 of the Orange Cove Municipal Code is hereby amended by addition of the following sections, to the designated chapters, and, as amended, shall read as follows:

Chapter 17.08, RA, Single-Family Residential/Agricultural District

17.08.02 Permitted Uses

O. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.10, R-1-12, Single-Family/Low Density Residential District

17.10.02 Permitted Uses

K. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.12, R-1-6, Single-Family/Medium Density Residential District

17.12.02 Permitted Uses

K. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.14, R-1-3, Single-Family/Medium Density Residential District

17.14.02 Permitted Uses

K. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.18, R-2, Medium/High Density Residential District

17.18.02 Permitted Uses

F. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.20, R-3, High Density Multi-Family Residential District

17.20.02 Permitted Uses

J. Developmentally Disabled Housing, eight or fewer persons

Chapter 17.33, M-U, Mixed-Use District

17.33.12 Permitted Uses

I. Developmentally Disabled Housing, eight or fewer persons

J. Supportive and Transitional Housing, above ground and ground floor

Section II: If any section, sub-section, sentence, clause, phrase, or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. City Council hereby declares that it would have adopted the ordinance and each section, sub-section, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, sub-sections, sentences, clauses, phrases, or portions to be declared invalid or unconstitutional.

Section III: The City Clerk is authorized to cause this ordinance or a summary of this ordinance to be published in a newspaper of general circulation in the City of Orange Cove, within fifteen days after its adoption. If a summary of the ordinance is published, the City Clerk shall cause a certified copy of the full text of the proposed ordinance to be posted at City Hall at least five days prior to the meeting at which the ordinance is adopted and again after the meeting at which it is adopted. The ordinance shall become effective thirty days after its adoption.

The foregoing ordinance was introduced at a regular meeting of the City Council of the City of Orange Cove held on January 23, 2019 and was passed and adopted at a regular meeting of the City Council held on _____, by the following vote:

AYES:

NOES:

ABSENT:

MAYOR OF THE CITY OF ORANGE COVE

ATTEST:

CITY CLERK



Date: January 23, 2019
To: Mayor and City Council
From: Rudy Hernandez, Interim City Manager
Subject: Approval of FOCAS Revised Agreement.
Attachments: Revised Agreement

BACKGROUND:

On January 14, 2019, the City Council held a discussion on the FOCAS agreement with City staff and the General Public. At the conclusion of the discussion, the City Council directed staff to work with the FOCAS group to try and reach a compromise agreement and present it to the City Council at the next meeting of January 23, 2019.

Subsequent to the meeting of Monday January 14, 2019, Interim City Manager Rudy Hernandez and Interim Public Works Superintendent Joe Estrada met with FOCAS President Adriana Figueroa-Bruce and FOCAS Board Member Kerry O'keefe to discuss some minor differences with the FOCAS agreement that was presented to the City Council on Monday January 14, 2019. Attached for the City Council's consideration for approval is the revised FOCAS agreement that meets both the City of Orange Cove's and FOCAS's goals and objectives. In other words, the City of Orange Cove and the FOCAS group were able to come to an agreement on the attached revised agreement. Some Key elements of the agreement include:

- Prior to commencing this agreement, FOCAS shall provide the City of Orange Cove with evidence of insurance as stated in EXHIBIT "C".
- Any correspondence from the FTB, State of California Attorney General or the Internal Revenue Service concerning FOCAS's status as a non-profit corporation and as a tax-exempted entity.
- FOCAS shall provide City with copies of FOCAS's filed federal and state tax returns within thirty (30) days after the due date for such returns.

Animal Control Officer:

Staff is currently in the process of creating a job description for the animal control officer and should have it ready for approval at the next City Council meeting scheduled for Wednesday February 13, 2019.

FISCAL IMPACT:

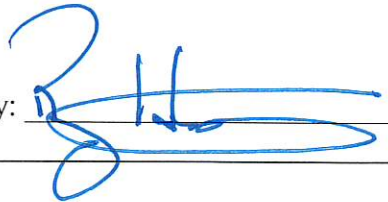
If the City Council approves the revised FOCAS agreement, it will result in a \$2,500 monthly cost and is budgeted in the fiscal year 2018-19 adopted budget.

RECOMMENDATION:

Staff recommends that the City Council approve the attached revised agreement with FOCAS.

Prepared by: Rudy Hernandez

Approved by: _____



REVIEW: City Manager: ☒

Finance: _____

City Attorney: _____

TYPE OF ITEM:

COUNCIL ACTION: APPROVED DENIED NO ACTION

☐ Consent
☐ Info Item
☒ Action Item
☐ Department Report
☐ Redevelopment Agency

☐ Public Hearing
☐ Matter Initiated by a Council Member
☐ Other
☐ Continued to: _____

AGREEMENT FOR ANIMAL SHELTER SERVICES
BETWEEN THE CITY OF ORANGE COVE AND
FRIENDS OF ORANGE COVE ANIMAL SHELTER

This AGREEMENT ("AGREEMENT"), is made and entered into this ____ day of _____ 20__, by and among the City of Orange Cove, a California municipal corporation ("CITY") and FRIENDS OF ORANGE COVE ANIMA SHELTER, a non-profit organization, ("CONSULTANT").

In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

SECTION 1. TERM OF AGREEMENT.

Subject to the provisions of SECTION 19 "TERMINATION OF AGREEMENT" of this AGREEMENT, the term of this AGREEMENT shall be for a period of one (1) year from the date of execution of this AGREEMENT, as first shown above. Such term may be extended upon written agreement of both parties to this AGREEMENT.

SECTION 2. SCOPE OF SERVICES.

CONSULTANT agrees to perform the services set forth in EXHIBIT "A" "SCOPE OF SERVICES" and made a part of this AGREEMENT.

SECTION 3. ADDITIONAL SERVICES.

CONSULTANT shall not be compensated for any services rendered in connection with its performance of this AGREEMENT which are in addition to or outside of those set forth in this AGREEMENT or listed in EXHIBIT "A" "SCOPE OF SERVICES", unless such additional services are authorized in advance and in writing by the City Council or City Manager of CITY. CONSULTANT shall be compensated for any such additional services in the amounts and in the manner agreed to by the City Council or City Manager.

SECTION 4. COMPENSATION AND METHOD OF PAYMENT.

(a) Subject to any limitations set forth in this AGREEMENT, CITY agrees to provide the services and entities to CONSULTANT as specified in EXHIBIT "B" "COMPENSATION" and made a part of this AGREEMENT.

SECTION 5. INSPECTION AND FINAL ACCEPTANCE.

CITY may inspect and accept or reject any of CONSULTANT's work under this AGREEMENT, either during performance or when completed. CITY shall reject or finally accept CONSULTANT's work within sixty (60) days after submitted to CITY. CITY shall reject work by

a timely written explanation, otherwise CONSULTANT's work shall be deemed to have been accepted. CITY's acceptance shall be conclusive as to such work except with respect to latent defects, fraud and such gross mistakes as amount to fraud. Acceptance of any of CONSULTANT's work by CITY shall not constitute a waiver of any of the provisions of this AGREEMENT including, but not limited to, sections 15 and 16, pertaining to indemnification and insurance, respectively.

SECTION 6. OWNERSHIP OF DOCUMENTS.

All original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents prepared, developed or discovered by CONSULTANT in the course of providing any services pursuant to this AGREEMENT shall become the sole property of CITY and may be used, reused or otherwise disposed of by CITY without the permission of the CONSULTANT. Upon completion, expiration or termination of this AGREEMENT, CONSULTANT shall turn over to CITY all such original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents.

SECTION 7. CONSULTANT'S BOOKS AND RECORDS.

- (a) CONSULTANT shall maintain any and all documents and records demonstrating or relating to CONSULTANT's performance of services pursuant to this AGREEMENT. CONSULTANT shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, or other documents or records evidencing or relating to work, services, expenditures and disbursements charged to CITY pursuant to this AGREEMENT. Any and all such documents or records shall be maintained in accordance with generally accepted accounting principles and shall be sufficiently complete and detailed so as to permit an accurate evaluation of the services provided by CONSULTANT pursuant to this AGREEMENT. Any and all such documents or records shall be maintained for three years from the date of execution of this AGREEMENT and to the extent required by laws relating to audits of public agencies and their expenditures.
- (b) Any and all records or documents required to be maintained pursuant to this section shall be made available for inspection, audit and copying, at any time during regular business hours, upon written request by CITY or its designated representative. Copies of such documents or records shall be provided directly to the CITY for inspection, audit and copying when it is practical to do so; otherwise, unless an alternative is mutually agreed upon, such documents and records shall be made available at CONSULTANT's address indicated for receipt of notices in this AGREEMENT.
- (c) Where CITY has reason to believe that any of the documents or records required to be maintained pursuant to this section may be lost or discarded due to dissolution or termination of CONSULTANT's business, CITY may, by written request, require that custody of such documents or records be given to the requesting party and that such documents and records be maintained by the requesting party. Access to such documents and records shall be granted to CITY, as well as to its successors-in-interest and authorized representatives.

SECTION 8. STATUS OF CONSULTANT.

(a) CONSULTANT is and shall at all times remain a wholly independent contractor and not an officer, employee or agent of CITY. CONSULTANT shall have no authority to bind CITY in any manner, nor to incur any obligation, debt or liability of any kind on behalf of or against CITY, whether by contract or otherwise, unless such authority is expressly conferred under this AGREEMENT or is otherwise expressly conferred in writing by CITY.

(b) The personnel performing the services under this AGREEMENT on behalf of CONSULTANT shall at all times be under CONSULTANT's exclusive direction and control. Neither CITY, nor any elected or appointed boards, officers, officials, employees or agents of CITY, shall have control over the conduct of CONSULTANT or any of CONSULTANT's officers, employees or agents, except as set forth in this AGREEMENT. CONSULTANT shall not at any time or in any manner represent that CONSULTANT or any of CONSULTANT's officers, employees or agents are in any manner officials, officers, employees or agents of CITY.

(c) Neither CONSULTANT, nor any of CONSULTANT's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to CITY'S employees. CONSULTANT expressly waives any claim CONSULTANT may have to any such rights.

SECTION 9. STANDARD OF PERFORMANCE.

CONSULTANT represents and warrants that it has the qualifications, experience and facilities necessary to properly perform the services required under this AGREEMENT in a thorough, competent and professional manner. CONSULTANT shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. In meeting its obligations under this AGREEMENT, CONSULTANT shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of CONSULTANT under this AGREEMENT.

SECTION 10. COMPLIANCE WITH APPLICABLE LAWS; PERMITS AND LICENSES.

CONSULTANT shall keep itself informed of and comply with all applicable federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the term of this AGREEMENT. CONSULTANT shall obtain any and all licenses, permits and authorizations necessary to perform the services set forth in this AGREEMENT. Neither CITY, nor any elected or appointed boards, officers, officials, employees or agents of CITY, shall be liable, at law or in equity, as a result of any failure of CONSULTANT to comply with this section.

SECTION 11. NONDISCRIMINATION.

CONSULTANT shall not discriminate, in any way, against any person on the basis of race, color, religious creed, national origin, ancestry, sex, age, physical handicap, medical condition or marital status in connection with or related to the performance of this AGREEMENT.

SECTION 12. UNAUTHORIZED ALIENS.

CONSULTANT hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, et seq., as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should CONSULTANT so employ such unauthorized aliens for the performance of work and/or services covered by this AGREEMENT, and should the any liability or sanctions be imposed against CITY for such use of unauthorized aliens, CONSULTANT hereby agrees to and shall reimburse CITY for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by CITY.

SECTION 13. CONFLICTS OF INTEREST.

(a) CONSULTANT covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of CITY or which would in any way hinder CONSULTANT's performance of services under this AGREEMENT. CONSULTANT further covenants that in the performance of this AGREEMENT, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the City Manager. CONSULTANT agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of CITY in the performance of this AGREEMENT.

(b) CITY understands and acknowledges that CONSULTANT is, as of the date of execution of this AGREEMENT, independently involved in the performance of non-related services for other governmental agencies and private parties. CONSULTANT is unaware of any stated position of CITY relative to such projects. Any future position of CITY on such projects shall not be considered a conflict of interest for purposes of this section.

SECTION 14. CONFIDENTIAL INFORMATION; RELEASE OF INFORMATION.

(a) All information gained or work product produced by CONSULTANT in performance of this AGREEMENT shall be considered confidential, unless such information is in the public domain or already known to CONSULTANT. CONSULTANT shall not release or disclose any such information or work product to persons or entities other than CITY without prior written authorization from the City Manager, except as may be required by law.

(b) CONSULTANT, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the City Manager or unless requested by the City Attorney of CITY, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this AGREEMENT. Response to a subpoena or court order shall not be considered "voluntary" provided CONSULTANT gives CITY notice of such court order or subpoena.

(c) If CONSULTANT, or any officer, employee, agent or subcontractor of CONSULTANT, provides any information or work product in violation of this AGREEMENT, then CITY shall have

the right to reimbursement and indemnity from CONSULTANT for any damages, costs and fees, including attorneys fees, caused by or incurred as a result of CONSULTANT's conduct.

(d) CONSULTANT shall promptly notify CITY should CONSULTANT, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this AGREEMENT and the work performed thereunder. CITY retains the right, but has no obligation, to represent CONSULTANT or be present at any deposition, hearing or similar proceeding. CONSULTANT agrees to cooperate fully with CITY and to provide CITY with the opportunity to review any response to discovery requests provided by CONSULTANT.

However, this right to review any such response does not imply or mean the right by CITY to control, direct, or rewrite said response.

SECTION 15. INDEMNIFICATION.

(a) CITY and its respective elected and appointed boards, officials, officers, agents, employees and volunteers (individually and collectively, "INDEMNITEES") shall have no liability to CONSULTANT or any other person for, and CONSULTANT shall indemnify, defend, protect and hold harmless INDEMNITEES from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements (collectively "CLAIMS"), which INDEMNITEES may suffer or incur or to which INDEMNITEES may become subject by reason of or arising out of any injury to or death of any person(s), damage to property, loss of use of property, economic loss or otherwise occurring as a result of or allegedly caused by the CONSULTANT's performance of or failure to perform any services under this AGREEMENT or by the negligent or willful acts or omissions of CONSULTANT, its agents, officers, directors, subcontractors or employees, committed in performing any of the services under this AGREEMENT.

(b) If any action or proceeding is brought against INDEMNITEES by reason of any of the matters against which CONSULTANT has agreed to indemnify INDEMNITEES as provided above, CONSULTANT, upon notice from CITY, shall defend INDEMNITEES at CONSULTANT's expense by counsel acceptable to CITY, such acceptance not to be unreasonably withheld. INDEMNITEES need not have first paid for any of the matters to which INDEMNITEES are entitled to indemnification in order to be so indemnified. The insurance required to be maintained by CONSULTANT under Section 16 shall ensure CONSULTANT's obligations under this section, but the limits of such insurance shall not limit the liability of CONSULTANT hereunder. The provisions of this section shall survive the expiration or earlier termination of this AGREEMENT.

(c) The provisions of this section do not apply to CLAIMS occurring as a result of the CITY's sole negligence or willful acts or omissions.

SECTION 16. INSURANCE.

CONSULTANT agrees to obtain and maintain in full force and effect during the term of this AGREEMENT the insurance policies set forth in EXHIBIT "C" "INSURANCE" and made a part of this AGREEMENT. All insurance policies shall be subject to approval by CITY as to form and content. These requirements are subject to amendment or waiver if so approved in writing by the City Manager. CONSULTANT agrees to provide CITY with copies of required policies upon request.

SECTION 17. ASSIGNMENT.

The expertise and experience of CONSULTANT are material considerations for this AGREEMENT. CITY has an interest in the qualifications of and capability of the persons and entities who will fulfill the duties and obligations imposed upon CONSULTANT under this AGREEMENT. In recognition of that interest, CONSULTANT shall not assign or transfer this Agreement or any portion of this AGREEMENT or the performance of any of CONSULTANT's duties or obligations under this AGREEMENT without the prior written consent of the City Council. Any attempted assignment shall be ineffective, null and void, and shall constitute a material breach of this AGREEMENT entitling CITY to any and all remedies at law or in equity, including summary termination of this AGREEMENT. CITY acknowledges, however, that CONSULTANT, in the performance of its duties pursuant to this AGREEMENT, may utilize subcontractors.

SECTION 18. CONTINUITY OF PERSONNEL.

CONSULTANT shall make every reasonable effort to maintain the stability and continuity of CONSULTANT's staff assigned to perform the services required under this AGREEMENT. CONSULTANT shall notify CITY of any changes in CONSULTANT's staff assigned to perform the services required under this AGREEMENT, prior to any such performance.

SECTION 19. TERMINATION OF AGREEMENT.

- (a) CITY may terminate this AGREEMENT, with or without cause, at any time by giving thirty (30) days written notice of termination to CONSULTANT. In the event such notice is given, CONSULTANT shall cease immediately all work in progress.
- (b) CONSULTANT may terminate this AGREEMENT at any time upon thirty (30) days written notice of termination to CITY.
- (c) If either CONSULTANT or CITY fail to perform any material obligation under this AGREEMENT, then, in addition to any other remedies, either CONSULTANT, or CITY may terminate this AGREEMENT immediately upon written notice.
- (d) Upon termination of this AGREEMENT by either CONSULTANT or CITY, all property belonging exclusively to CITY which is in CONSULTANT's possession shall be returned to CITY.

SECTION 20. DEFAULT.

In the event that CONSULTANT is in default under the terms of this AGREEMENT, the CITY shall not have any obligation or duty to continue and may terminate this AGREEMENT immediately by written notice to the CONSULTANT.

SECTION 21. EXCUSABLE DELAYS.

CONSULTANT shall not be liable for damages, including liquidated damages, if any, caused by delay in performance or failure to perform due to causes beyond the control of CONSULTANT. Such causes include, but are not limited to, acts of God, acts of the public enemy, acts of federal, state or local governments, acts of CITY, court orders, fires, floods, epidemics, strikes, embargoes, and unusually severe weather. The term and price of this AGREEMENT shall be equitably adjusted for any delays due to such causes.

SECTION 22. COOPERATION BY CITY.

All public information, data, reports, records, and maps as are existing and available to CITY as public records, and which are necessary for carrying out the work as outlined in the EXHIBIT "A" "SCOPE OF SERVICES", shall be furnished to CONSULTANT in every reasonable way to facilitate, without undue delay, the work to be performed under this AGREEMENT.

SECTION 23. NOTICES.

All notices required or permitted to be given under this AGREEMENT shall be in writing and shall be personally delivered, or sent by telecopier or certified mail, postage prepaid and return receipt requested, addressed as follows:

To CITY:

City Manager
City of Orange Cove
633 Sixth Street
Orange Cove, California 93646

To CONSULTANT: Friends of Orange Cove Animal Shelter
ATTN: President
c/o Adriana-Figueroa-Bruce
850 E Hampton Way
Fresno, California 93704

Notice shall be deemed effective on the date personally delivered or transmitted by facsimile or, if mailed, three (3) days after deposit of the same in the custody of the United States Postal Service.

SECTION 24. AUTHORITY TO EXECUTE.

The person or persons executing this AGREEMENT on behalf of CONSULTANT represents and warrants that he/she/they has/have the authority to so execute this AGREEMENT and to bind CONSULTANT to the performance of its obligations hereunder.

SECTION 25. BINDING EFFECT.

This AGREEMENT shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

SECTION 26. MODIFICATION OF AGREEMENT.

No amendment to or modification of this AGREEMENT shall be valid unless made in writing and approved by the CONSULTANT and by the City Council. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

SECTION 27. WAIVER.

Waiver by any party to this AGREEMENT of any term, condition, or covenant of this AGREEMENT shall not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any breach of the provisions of this AGREEMENT shall not constitute a waiver of any other provision, nor a waiver of any subsequent breach or violation of any provision of this AGREEMENT. Acceptance by CITY of any work or services by CONSULTANT shall not constitute a waiver of any of the provisions of this AGREEMENT.

SECTION 28. LAW TO GOVERN; VENUE.

This AGREEMENT shall be interpreted, construed and governed according to the laws of the State of California. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of Fresno. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Eastern District of California, in Fresno, California.

SECTION 29. ATTORNEYS FEES, COSTS AND EXPENSES.

In the event litigation or other proceeding is required to enforce or interpret any provision of this AGREEMENT, the prevailing party in such litigation or other proceeding shall be entitled to an award of reasonable attorney's fees, costs and expenses, in addition to any other relief to which it may be entitled.

SECTION 30. ENTIRE AGREEMENT.

This AGREEMENT, including the attached EXHIBITS "A" through "C", is the entire, complete, final and exclusive expression of the parties with respect to the matters addressed therein and supersedes all other agreements or understandings, whether oral or written, or entered into

between CONSULTANT and CITY prior to the execution of this AGREEMENT. No statements, representations or other agreements, whether oral or written, made by any party which are not embodied herein shall be valid and binding. No amendment to this AGREEMENT shall be valid and binding unless in writing duly executed by the parties or their authorized representatives.

SECTION 31. SEVERABILITY.

If an term, condition or covenant of this AGREEMENT is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this AGREEMENT shall not be affected thereby and the AGREEMENT shall be read and construed without the invalid, void or unenforceable provision(s).

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed the day and year first above written.

CITY OF ORANGE COVE

CONSULTANT:

By _____
Rudy Hernandez, City Manager
(Authorized Officer)

By _____

By _____
APPROVED AS TO FORM:
Daniel T. McCloskey, City Attorney

EXHIBIT "A"

SCOPE OF SERVICES

1. CONSULTANT shall operate on a 24/7 basis a shelter at the City of Orange Cove Animal Shelter and shall operate pursuant to a written operations manual, a copy of which, is being provided to the City for approval within thirty days of the effective date of this Agreement.
2. CONSULTANT Any dog that is found by the City of Orange Cove Animal Control Officer with severe injuries will be taken by the Animal Control Officer to a designated veterinarian for evaluation, treatment, and or disposition. If the dog is released by the veterinarian, FOCAS will accept the animal and take possession of the dog from the veterinarian.
3. CONSULTANT shall accept for shelter all dogs taken to the shelter by the Animal Control Officer of the City of Orange Cove.
4. CONSULTANT shall deliver any dog or animal injured while in the CONSULTANT's care and possession immediately to a designated veterinarian for treatment, evaluation and possible euthanasia. If the dog is subsequently released by the veterinarian then CONSULTANT shall accept possession and care for that injured dog so released.
5. CONSULTANT shall not have the right to place for adoption any dog that was deemed to be quarantined by Animal Control Officer for a vicious attack on another animal or human being. Any dog quarantined by CONSULTANT as a vicious dog, and not otherwise adopted or provided for, shall be transported by the CONSULTANT to a designated veterinarian for euthanasia.
6. CONSULTANT shall accept or house no more animals than what the shelter can humanely house, and, CONSULTANT shall have no more than fifty (50) kennels at the shelter and six (6) kennels shall be reserved for the use of the Animal Control Officer of the City of Orange Cove.
7. CONSULTANT shall not be responsible for collection of owner surrender animals, and, the Animal Control Officer of the City of Orange Cove shall be responsible for the collection of an owner surrender animal upon the payment by the owner of the surrender fee to City Hall.
8. CONSULTANT shall be responsible for veterinarian fees for all animals held beyond the four (4) day initial holding period including euthanasia fees, unless, CONSULTANT waives the ownership of any such abandoned animal and forfeit the animals to the Animal Control Officer of the City of Orange Cove and the City shall be responsible for the veterinarian fees including fees for euthanasia.
9. CONSULTANT shall not pick up any animals or dogs outside the shelter premises or from other non-profit rescue entities. CONSULTANT shall only use the shelter for housing and caring for animals found in the City's jurisdiction.
10. CONSULTANT agrees and acknowledges that the animal population at the shelter is beyond capacity. CONSULTANT shall have ninety (90) days to adopt out or otherwise find homes for fifty

percent (50%) or more of the current animals residing at the shelter on the effective date of this Agreement. After the expiration of ninety (90) days, CONSULTANT shall , to the extent that there are still more than fifty percent (50%) of animals residing at the shelter , bring the total population to or below the fifty percent (50%) requirement by transporting enough animals to a designated veterinarian for euthanasia.

11. CONSULTANT shall adequately supervise any volunteers allowed in the shelter. No volunteers shall be allowed access to the shelter without an employee or Board Member of CONSULTANT present at all times and no volunteers shall have keys to shelter.

12. CONSULTANT shall shelter and cared for the animals in compliance with all Federal, State and local statutes and ordinances.

13. CONSULTANT shall maintain the shelter, grounds and kennels in a humane and sanitary condition at all times.

14. CONSULTANT shall maintain shelter hours for the public adoption period between 8:00 a.m. to 5:00 p.m. Monday through Friday.

15. CONSULTANT shall always have at least one employee or Board Member present during volunteer activities at the shelter including weekends.

16. CONSULTANT shall vaccinate all impounded animals as needed upon that animal being admitted to the shelter.

17. CONSULTANT shall provide, pay for or arrange for immediate emergency medical care after four (4) day hold to sick and injured animals that are injured and/or in the CONSULTANT care.

18. CONSULTANT shall employ and enlist qualified persons, officials, agents, employees and volunteers to perform CONSULTANT's obligations under this Agreement. All volunteers shall sign waivers of liability and parents and/or legal guardian shall sign waivers of liability for any volunteer under the age of eighteen.

19. CONSULTANT shall adopt written policies, practices and personnel rules that are approved by the CONSULTANT'S board, conform to the industry's best practices and comply with Federal, state and local laws and ordinances.

20. CONSULTANT shall submit a statistical report every month to the City that provides all of the following information:

1. Number of dogs received by Owner Surrender, City Animal Control or other since the last report.
2. Number and name of dogs transferred or pick up by other non-profit rescue entities.
3. Number and name of dogs euthanized this period.
4. Number and name of dogs injured while in CONSULTANT's care.
5. Number of dogs vaccinated this period.
6. List and names of all volunteers this period.

7. List and names of all volunteers this period.
8. Any changes in the makeup of the CONSULTANT's Board or officers this period.
9. Any correspondence from the FTB, State of California Attorney General or the Internal Revenue Service concerning CONSULTANT's status as a non-profit corporation and as a tax-exempted entity.
10. All complaints filed with the CONSULTANT regarding CONSULTANT's operation of the shelter and care of animals during this period.

23. CONSULTANT shall provide City with copies of CONSULTANT's filed federal and state tax returns within thirty (30) days after the due date for such returns.

EXHIBIT "B"

COMPENSATION

- a) City agrees to allow CONSULTANT to operate the Shelter currently located on City property and will provide access to CONSULTANT's employees and volunteers during normal business hours, including weekends, and access to CONSULTANT'S board members twenty-four (24) hour per day seven (7) days per week.
- b) City will continue to provide maintenance of the building, including electrical and plumbing repair;
- c) City will provide sewer back up services;
- d) City will ensure electrical panel can support a water heater, washer and dryer;
- e) City will maintain property insurance on the building;
- f) City will pay the utilities for the property;
- g) City will provide FOCUS with a monthly payment of \$2,500;
- h) City agrees that all monies paid by owner reclaimed dogs shall be remitted to FOCUS.

EXHIBIT "C"

INSURANCE

A. Insurance Requirements. CONSULTANT shall provide and maintain insurance, acceptable to the City Manager or City Attorney, in full force and effect throughout the term of this AGREEMENT, against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by CONSULTANT, its agents, representatives or employees. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII. CONSULTANT shall provide the following scope and limits of insurance:

1. Minimum Scope of Insurance. Coverage shall be at least as broad as:

- (1) Insurance Services Office form Commercial General Liability coverage (Occurrence Form CG 0001).
- (2) Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, including code 1 "any auto" and endorsement CA 0025, or equivalent forms subject to the written approval of the City.
- (3) Workers' Compensation insurance as required by the Labor Code of State of California and Employer's Liability insurance and covering all persons providing services on behalf of the CONSULTANT and all risks to such persons under this AGREEMENT.
- (4) Errors and omissions liability insurance appropriate to the CONSULTANT's profession.

2. Minimum Limits of Insurance. CONSULTANT shall maintain limits of insurance no less than:

- (1) General Liability: \$1,000,000 general aggregate for bodily injury, personal injury and property damage.
- (2) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
- (3) Workers' Compensation and Employer's Liability: Workers' Compensation as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.
- (4) Errors and Omissions Liability: \$1,000,000 per occurrence.

B. Other Provisions. Insurance policies required by this AGREEMENT shall contain the following provisions:

1. All Policies. Each insurance policy required by this paragraph 15 shall be endorsed and state the coverage shall not be suspended, voided, cancelled by the insurer or either party to this AGREEMENT, reduced in coverage or in limits except after 30 days' prior written notice by Certified mail,

return receipt requested, has been given to City.

2. General Liability and Automobile Liability Coverages.

(1) CITY, and its respective elected and appointed officers, officials, and employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities CONSULTANT performs; products and completed operations of CONSULTANT; premises owned, occupied or used by CONSULTANT; or automobiles owned, leased, hired or borrowed by CONSULTANT. The coverage shall contain no special limitations on the scope of protection afforded to CITY, and their respective elected and appointed officers, officials or employees.

(2) CONSULTANT's insurance coverage shall be primary insurance with respect to CITY, and its respective elected and appointed, its officers, officials, employees and volunteers. Any insurance or self insurance maintained by CITY, and its respective elected and appointed officers, officials, employees or volunteers, shall apply in excess of, and not contribute with, CONSULTANT's insurance.

(3) CONSULTANT's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(4) Any failure to comply with the reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to CITY, and its respective elected and appointed officers, officials, employees or volunteers.

3. Workers' Compensation and Employer's Liability Coverage. Unless the City Manager otherwise agrees in writing, the insurer shall agree to waive all rights of subrogation against CITY, and its respective elected and appointed officers, officials, employees and agents for losses arising from work performed by CONSULTANT.

C. Other Requirements. CONSULTANT agrees to deposit with CITY, at or before the effective date of this contract, certificates of insurance necessary to satisfy CITY that the insurance provisions of this contract have been complied with. The City Attorney may require that CONSULTANT furnish CITY with copies of original endorsements effecting coverage required by this Section. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. CITY reserves the right to inspect complete, certified copies of all required insurance policies, at any time.

1. CONSULTANT shall furnish certificates and endorsements from each subcontractor identical to those CONSULTANT provides.

2. Any deductibles or self-insured retentions must be declared to and approved by CITY. At the option of CITY, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CITY or its respective elected or appointed officers, officials, employees and volunteers or the CONSULTANT shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims.
3. The procuring of such required policy or policies of insurance shall not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions and requirements of this AGREEMENT.

Disclaimer - 2000



Date: January 23, 2019
To: Mayor and City Council
From: Rudy Hernandez, Interim City Manager
Subject: Approval of Contract Extension for Interim City Manager
Rudy Hernandez for Interim City Management Services and
Financial Services as Per Council Approval on July 11, 2018
Attachments: Contract – Effective Date of January 1, 2019

BACKGROUND:

On July 11, 2018, the City Council approved a contract for financial services between myself and the City of Orange Cove as a Finance Consultant (See attached "Exhibit A"). The effective date of the agreement was July 1, 2018 and was based on a period not to exceed 960 hours. Under Section 1: Term of Agreement it states "Such term may be extended upon written agreement of both parties to this AGREEMENT. Based on this agreement clause, I am requesting that the City Council extend the agreement for another 960 hours.

On Wednesday September 26, 2018, the City Council appointed me to the position of Interim City Manager position until the City fills the permanent City Manager position. This appointment was in addition to the Financial Consultant/Director position. The appointment to the Interim City Manager position substantially increased by job workload. It should be noted that I did not and will not request additional compensation for holding the dual positions of Interim City Manager/Finance Director. It should further be noted that by performing both the City Manager/Finance Director positions it is saving the City around \$8,000- 9,000 per month. Cumulative savings from October 2018 – January 2019 is over \$30,000. It has been an honor working for the City of Orange and I am optimistic about the City's future financial and economic goals. Listed below are some of the goals that we have accomplished during my time period:

- New Adopted Budget – The new budget promoted accountability and transparency and received praised from the general public and business community. The best part is that the City Council approved a balance budget. There will be more improvements in the FY 2019-20 budget.
- Upon my arrival back in July 2018, I have prepared and the City Council has approved several new accounting policies (Fixed Assets, Accounts payable, & Purchasing Policies) that have enhanced the City's internal controls and received praised by the auditor.
- Per City Council approval, adopted a New credit card program that allows residents to pay their utilities/business licenses/other by credit card.
- Off to a great start with the proposition 68 grant program. I believe this grant program will result in many beautiful amenities here in the City of Orange Cove.
- New Audit Schedules/Forms – As part of the FY 2017-18 audit, staff has substantially improved the audit schedules from the prior year's audit. This will assist us in getting our audit completed on a timely basis.

NEW CONTRACT:

Attached for your review is a copy of the proposed contract extension. This is almost the same wording as the contract that was approved on July 11, 2018. The only differences are noted below:

1. The new contract has an effective date of January 1, 2019. The previous contract had an effective date of July 1, 2018.
2. Exhibit "A" remains the same. The only difference is that we are adding City Manager duties.

Other than these 2 items, everything else remains the same.

FISCAL IMPACT:

In the fiscal year 2018-19 budget, there is currently a budget of \$244,222 for the City Manager and Finance Director positions.

RECOMMENDATION:

Staff recommends that the City Council approve the attached contract extension.

Prepared by: Rudy Hernandez

Approved by: _____

REVIEW: City Manager: _____

Finance: _____

City Attorney: _____

TYPE OF ITEM:

COUNCIL ACTION: APPROVED DENIED NO ACTION

____ Consent
____ Info Item
____ Action Item
____ Department Report
____ Redevelopment Agency

____ Public Hearing
____ Matter Initiated by a Council Member
____ Other
____ Continued to: _____

AGREEMENT FOR CONSULTANT SERVICES
BETWEEN THE CITY OF ORANGE COVE AND RUDY HERNANDEZ

This AGREEMENT FOR CONSULTANT SERVICES ("AGREEMENT"), is made and entered into this 1st day of January, 2019, by and among the City of Orange Cove, a California municipal corporation ("CITY") and Rudy Hernandez, an individual ("CONSULTANT").

In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

SECTION 1. TERM OF AGREEMENT.

Subject to the provisions of SECTION 19 "TERMINATION OF AGREEMENT" of this AGREEMENT, the term of this AGREEMENT shall be for a period not to exceed Nine hundred and sixty (960) hours of service from the date of execution of this AGREEMENT, as first shown above. Such term may be extended upon written agreement of both parties to this AGREEMENT.

SECTION 2. SCOPE OF SERVICES.

CONSULTANT agrees to perform the services set forth in EXHIBIT "A" "SCOPE OF SERVICES" and made a part of this AGREEMENT.

SECTION 3. ADDITIONAL SERVICES.

CONSULTANT shall not be compensated for any services rendered in connection with its performance of this AGREEMENT which are in addition to or outside of those set forth in this AGREEMENT or listed in EXHIBIT "A" "SCOPE OF SERVICES", unless such additional services are authorized in advance and in writing by the City Council or City Manager of CITY. CONSULTANT shall be compensated for any such additional services in the amounts and in the manner agreed to by the City Council or City Manager.

SECTION 4. COMPENSATION AND METHOD OF PAYMENT.

(a) Subject to any limitations set forth in this AGREEMENT, CITY agrees to pay CONSULTANT the amounts specified in EXHIBIT "B" "COMPENSATION" and made a Part of this AGREEMENT.

(b) Each month CONSULTANT shall furnish to CITY an original invoice for all work performed and expenses incurred during the preceding month. The invoice shall detail charges by the following categories: labor (by sub-category), materials, equipment, supplies, sub-consultant contracts and miscellaneous expenses. CONTRACTOR shall not charge for travel expenses. CITY shall independently review each invoice submitted by the CONSULTANT to determine whether the work performed and expenses incurred are in compliance with the provisions of this AGREEMENT. In the event that no charges or expenses are disputed, the invoice shall be approved and paid according to the terms set forth in subsection (c). In the event any charges or expenses are disputed by CITY, the original invoice shall be returned by CITY to CONSULTANT for correction and resubmission.

(c) Except as to any charges for work performed or expenses incurred by CONSULTANT which are disputed by CITY, CITY will use its best efforts to cause CONSULTANT to be paid within thirty (30) days of receipt of CONSULTANT's invoice.

(d) Payment to CONSULTANT for work performed pursuant to this AGREEMENT shall not be deemed to waive any defects in work performed by CONSULTANT.

SECTION 5. INSPECTION AND FINAL ACCEPTANCE.

CITY may inspect and accept or reject any of CONSULTANT's work under this AGREEMENT, either during performance or when completed. CITY shall reject or finally accept CONSULTANT's work within sixty (60) days after submitted to CITY. CITY shall reject work by a timely written explanation, otherwise CONSULTANT's work shall be deemed to have been accepted. CITY's acceptance shall be conclusive as to such work except with respect to latent defects, fraud and such gross mistakes as amount to fraud. Acceptance of any of CONSULTANT's work by CITY shall not constitute a waiver of any of the provisions of this AGREEMENT including, but not limited to, sections 15 and 16, pertaining to indemnification and insurance, respectively.

SECTION 6. OWNERSHIP OF DOCUMENTS.

All original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents prepared, developed or discovered by CONSULTANT in the course of providing any services pursuant to this AGREEMENT shall become the sole property of CITY and may be used, reused or otherwise disposed of by CITY without the permission of the CONSULTANT. Upon completion, expiration or termination of this AGREEMENT, CONSULTANT shall turn over to CITY all such original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files,
Files and other documents.

SECTION 7. CONSULTANT'S BOOKS AND RECORDS.

(a) CONSULTANT shall maintain any and all documents and records demonstrating or relating to CONSULTANT's performance of services pursuant to this AGREEMENT. CONSULTANT shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, or other documents or records evidencing or relating to work, services, expenditures and disbursements charged to CITY pursuant to this AGREEMENT. Any and all such documents or records shall be maintained in accordance with generally accepted accounting principles and shall be sufficiently complete and detailed so as to permit an accurate evaluation of the services provided by CONSULTANT pursuant to this AGREEMENT. Any and all such documents or records shall be maintained for three years from the date of execution of this AGREEMENT and to the extent required by laws relating to audits of public agencies and their expenditures.

(b) Any and all records or documents required to be maintained pursuant to this section shall be made available for inspection, audit and copying, at any time during regular business hours, upon written request by CITY or its designated representative. Copies of such documents or records shall be provided directly to the CITY for inspection, audit and copying when it is practical to do so; otherwise, unless an alternative

is mutually agreed upon, such documents and records shall be made available at CONSULTANT's address indicated for receipt of notices in this AGREEMENT.

(c) Where CITY has reason to believe that any of the documents or records required to be maintained pursuant to this section may be lost or discarded due to dissolution or termination of CONSULTANT's business, CITY may, by written request, require that custody of such documents or records be given to the requesting party and that such documents and records be maintained by the requesting party. Access to such documents and records shall be granted to CITY, as well as to its successors-in-interest and authorized representatives.

SECTION 8. STATUS OF CONSULTANT.

(a) CONSULTANT is and shall at all times remain a wholly independent contractor and not an officer, employee or agent of CITY. CONSULTANT shall have no authority to bind CITY in any manner, nor to incur any obligation, debt or liability of any kind on behalf of or against CITY, whether by contract or otherwise, unless such authority is expressly conferred under this AGREEMENT or is otherwise expressly conferred in writing by CITY.

(b) The personnel performing the services under this AGREEMENT on behalf of CONSULTANT shall at all times be under CONSULTANT's exclusive direction and control. Neither CITY, nor any elected or appointed boards, officers, officials, employees or agents of CITY, shall have control over the conduct of CONSULTANT or any of CONSULTANT's officers, employees or agents, except as set forth in this AGREEMENT. CONSULTANT shall not at any time or in any manner represent that CONSULTANT or any of CONSULTANT's officers, employees or agents are in any manner officials, officers, employees or agents of CITY.

(c) Neither CONSULTANT, nor any of CONSULTANT's officers, employees or Agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to CITY'S employees. CONSULTANT expressly waives any claim CONSULTANT may have to any such rights.

SECTION 9. STANDARD OF PERFORMANCE.

CONSULTANT represents and warrants that it has the qualifications, experience and facilities necessary to properly perform the services required under this AGREEMENT in a thorough, competent and professional manner. CONSULTANT shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. In meeting its obligations under this AGREEMENT, CONSULTANT shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of CONSULTANT under this AGREEMENT.

SECTION 10. COMPLIANCE WITH APPLICABLE LAWS; PERMITS AND LICENSES.

CONSULTANT shall keep itself informed of and comply with all applicable federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the term of this AGREEMENT. CONSULTANT shall obtain any and all licenses, permits and authorizations necessary to perform the

services set forth in this AGREEMENT. Neither CITY, nor any elected or appointed boards, officers, officials, employees or agents of CITY, shall be liable, at law or in equity, as a result of any failure of CONSULTANT to comply with this section.

SECTION 11. NONDISCRIMINATION.

CONSULTANT shall not discriminate, in any way, against any person on the basis Of race, color, religious creed, national origin, ancestry, sex, age, physical handicap, medical condition or marital status in connection with or related to the performance of this AGREEMENT.

SECTION 12. UNAUTHORIZED ALIENS.

CONSULTANT hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, et seq., as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should CONSULTANT so employ such unauthorized aliens for the performance of work and/or services covered by this AGREEMENT, and should the any liability or sanctions be imposed against CITY for such use of unauthorized aliens, CONSULTANT hereby agrees to and shall reimburse CITY for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by CITY.

SECTION 13. CONFLICTS OF INTEREST.

(a) CONSULTANT covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of CITY or which would in any way hinder CONSULTANT's performance of services under this AGREEMENT. CONSULTANT further covenants that in the performance of this AGREEMENT, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the City Manager.

CONSULTANT agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of CITY in the performance of this AGREEMENT.

(b) CITY understands and acknowledges that CONSULTANT is, as of the date of execution of this AGREEMENT, independently involved in the performance of non-related services for other governmental agencies and private parties. CONSULTANT is unaware of any stated position of CITY relative to such projects. Any future position of CITY on such projects shall not be considered a conflict of interest for purposes of this section.

SECTION 14. CONFIDENTIAL INFORMATION; RELEASE OF INFORMATION.

(a) All information gained or work product produced by CONSULTANT in performance of this AGREEMENT shall be considered confidential, unless such information is in the public domain or already known to CONSULTANT. CONSULTANT shall not release or disclose any such information or work product to persons or entities other than CITY without prior written authorization from the City Manager, except as may be required by law.

(b) CONSULTANT, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the City Manager or unless requested by the City Attorney of CITY, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this AGREEMENT. Response to a subpoena or court order shall not be considered "voluntary" provided CONSULTANT gives CITY notice of such court order or subpoena.

(c) If CONSULTANT, or any officer, employee, agent or subcontractor of CONSULTANT, provides any information or work product in violation of this AGREEMENT, then CITY shall have the right to reimbursement and indemnity from CONSULTANT for any damages, costs and fees, including attorneys fees, caused by or incurred as a result of CONSULTANT's conduct.

(d) CONSULTANT shall promptly notify CITY should CONSULTANT, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this AGREEMENT and the work performed thereunder. CITY retains the right, but has no obligation, to represent

CONSULTANT or be present at any deposition, hearing or similar proceeding.

CONSULTANT agrees to cooperate fully with CITY and to provide CITY with the opportunity to review any response to discovery requests provided by CONSULTANT.

However, this right to review any such response does not imply or mean the right by CITY to control, direct, or rewrite said response.

SECTION 15. INDEMNIFICATION.

(a) CITY and its respective elected and appointed boards, officials, officers, agents, employees and volunteers (individually and collectively, "INDEMNITEES") shall have no liability to CONSULTANT or any other person for, and CONSULTANT shall indemnify, defend, protect and hold harmless INDEMNITEES from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements

(collectively "CLAIMS"), which INDEMNITEES may suffer or incur or to which INDEMNITEES may become subject by reason of or arising out of any injury to or death of any person(s), damage to property, loss of use of property, economic loss or otherwise occurring as a result of or allegedly caused by the CONSULTANT's performance of or failure to perform any services under this AGREEMENT or by the negligent or willful acts or omissions of CONSULTANT, its agents, officers, directors, subcontractors or employees, committed in performing any of the services under this AGREEMENT.

(b) If any action or proceeding is brought against INDEMNITEES by reason of any of the matters against which CONSULTANT has agreed to indemnify INDEMNITEES as provided above, CONSULTANT, upon notice from CITY, shall defend INDEMNITEES at CONSULTANT's expense by counsel acceptable to CITY, such acceptance not to be unreasonably withheld. INDEMNITEES need not have first paid for any of the matters to which INDEMNITEES are entitled to indemnification in order to be so indemnified. The insurance required to be maintained by CONSULTANT under Section 16 shall ensure CONSULTANT's obligations under this section, but the limits of such insurance shall not limit the liability of CONSULTANT hereunder. The provisions of this section shall survive the Expiration or earlier termination of this AGREEMENT.

(c) The provisions of this section do not apply to CLAIMS occurring as a result of the CITY's sole negligence or willful acts or omissions.

SECTION 16. INSURANCE.

CONSULTANT agrees to obtain and maintain in full force and effect during the term of this AGREEMENT the insurance policies set forth in EXHIBIT "C" "INSURANCE" and made a part of this AGREEMENT. All insurance policies shall be subject to approval by CITY as to form and content. These requirements are subject to amendment or waiver if so approved in writing by the City Manager. CONSULTANT agrees to provide CITY with copies of required policies upon request.

SECTION 17. ASSIGNMENT.

The expertise and experience of CONSULTANT are material considerations for this AGREEMENT. CITY has an interest in the qualifications of and capability of the persons and entities who will fulfill the duties and obligations imposed upon CONSULTANT under this AGREEMENT. In recognition of that interest, CONSULTANT shall not assign or transfer this Agreement or any portion of this AGREEMENT or the performance of any of CONSULTANT's duties or obligations under this AGREEMENT without the prior written consent of the City Council. Any attempted assignment shall be ineffective, null and void, and shall constitute a material breach of this AGREEMENT entitling CITY to any and all remedies at law or in equity, including summary termination of this AGREEMENT. CITY acknowledges, however, that CONSULTANT, in the performance of its duties pursuant to this AGREEMENT, may utilize subcontractors.

SECTION 18. CONTINUITY OF PERSONNEL.

CONSULTANT shall make every reasonable effort to maintain the stability and continuity of CONSULTANT's staff assigned to perform the services required under this AGREEMENT. CONSULTANT shall notify CITY of any changes in CONSULTANT's staff assigned to perform the services required under this AGREEMENT, prior to any such performance.

SECTION 19. TERMINATION OF AGREEMENT:

- (a) CITY may terminate this AGREEMENT, with or without cause, at any time by giving thirty (30) days written notice of termination to CONSULTANT. In the event such notice is given, CONSULTANT shall cease immediately all work in progress.
- (b) CONSULTANT may terminate this AGREEMENT at any time upon thirty (30) days written notice of termination to CITY.
- (c) If either CONSULTANT or CITY fail to perform any material obligation under this AGREEMENT, then, in addition to any other remedies, either CONSULTANT, or CITY may terminate this AGREEMENT immediately upon written notice.
- (d) Upon termination of this AGREEMENT by either CONSULTANT or CITY, all property

Belonging exclusively to CITY which is in CONSULTANT's possession shall be returned to CITY. CONSULTANT shall furnish to CITY a final invoice for work performed and expenses incurred by CONSULTANT, prepared as set forth in SECTION 4 of this AGREEMENT. This final invoice shall be reviewed and paid in the same manner as set forth in SECTION 4 of this AGREEMENT.

SECTION 20. DEFAULT.

In the event that CONSULTANT is in default under the terms of this AGREEMENT, the CITY Shall not have any obligation or duty to continue compensating CONSULTANT for any work performed after the date of default and may terminate this AGREEMENT immediately by written notice to the CONSULTANT.

SECTION 21. EXCUSABLE DELAYS.

CONSULTANT shall not be liable for damages, including liquidated damages, if any, caused by delay in performance or failure to perform due to causes beyond the control of CONSULTANT. Such causes include, but are not limited to, acts of God, acts of the public enemy, acts of federal, state or local governments, acts of CITY, court orders, fires, floods, epidemics, strikes, embargoes, and Unusually severe weather. The term and price of this AGREEMENT shall be equitably adjusted for any delays due to such causes.

SECTION 22. COOPERATION BY CITY.

All public information, data, reports, records, and maps as are existing and available to CITY as public records, and which are necessary for carrying out the work as outlined in the EXHIBIT "A" "SCOPE OF SERVICES", shall be furnished to CONSULTANT in every reasonable way to facilitate, without undue delay, the work to be performed under this AGREEMENT.

SECTION 23. NOTICES.

All notices required or permitted to be given under this AGREEMENT shall be in writing and shall be personally delivered, or sent by telecopies or certified mail, postage prepaid and return receipt requested, addressed as follows:

To CITY: City Manager,
 City of Orange Cove
 633 Sixth Street
 Orange Cove, California 93646
 Facsimile: 559-636-

To CONSULTANT:

Rudy Hernandez

Notice shall be deemed effective on the date personally delivered or transmitted by facsimile or, if mailed, three (3) days after deposit of the same in the custody of the United States Postal Service.

SECTION 24. AUTHORITY TO EXECUTE.

The person or persons executing this AGREEMENT on behalf of CONSULTANT represents and warrants that he/she/they has/have the authority to so execute this AGREEMENT and to bind CONSULTANT to the performance of its obligations hereunder.

SECTION 25. BINDING EFFECT.

This AGREEMENT shall be binding upon the heirs, executors, administrators, successors And assigns of the parties.

SECTION 26. MODIFICATION OF AGREEMENT.

No amendment to or modification of this AGREEMENT shall be valid unless made in writing and approved by the CONSULTANT and by the City Council. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

SECTION 27. WAIVER.

Waiver by any party to this AGREEMENT of any term, condition, or covenant of this AGREEMENT Shall not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any Breach of the provisions of this AGREEMENT shall not constitute a waiver of any other provision, Nor a waiver of any subsequent breach or violation of any provision of this AGREEMENT. Acceptance By CITY of any work or services by CONSULTANT shall not constitute a waiver of any of the Provisions of this AGREEMENT.

SECTION 28. LAW TO GOVERN; VENUE.

This AGREEMENT shall be interpreted, construed and governed according to the laws of the State of California. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of Fresno In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Eastern District of California, in Fresno, California.

SECTION 29. ATTORNEYS FEES, COSTS AND EXPENSES.

In the event litigation or other proceeding is required to enforce or interpret any provision of this AGREEMENT, the prevailing party in such litigation or other proceeding shall be entitled to an award of reasonable attorney's fees, costs and expenses, in addition to any other relief to which it may be entitled.

SECTION 30. ENTIRE AGREEMENT.

This AGREEMENT, including the attached EXHIBITS "A" through "C", is the entire, Complete, final and exclusive expression of the parties with respect to the matters addressed therein and supersedes all other agreements or understandings, whether oral or written, or entered into between CONSULTANT and CITY prior to the execution of this AGREEMENT. No statements, representations or other agreements, whether oral or written, made by any party which are not embodied herein shall be valid and binding. No amendment to this AGREEMENT shall be valid and binding unless in writing duly executed by the parties or their Authorized representatives.

SECTION 31. SEVERABILITY.

If a term, condition or covenant of this AGREEMENT is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this AGREEMENT shall not be affected thereby and the AGREEMENT shall be read and construed without the invalid, void or unenforceable provision(s).

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed the day and year first above written.

CITY OF ORANGE COVE

CONSULTANT:

By _____
, City Manager
(Authorized Officer)

By _____

By _____
APPROVED AS TO FORM:
(Authorized Officer)

, City Attorney

EXHIBIT "A"

SEE ATTACHED SCOPE OF SERVICES

SCOPE OF SERVICES

EXHIBIT "B"

COMPENSATION

Ninety-five Dollars per hour.

EXHIBIT "C"

INSURANCE

A. Insurance Requirements. CONSULTANT shall provide and maintain Insurance, acceptable to the City Manager or City Attorney, in full force and Effect throughout the term of this AGREEMENT, against claims for injuries to Persons or damages to property which may arise from or in connection with the Performance of the work hereunder by CONSULTANT, its agents, representatives or Employees. Insurance is to be placed with insurers with a current A.M. Best's Rating of no less than A: VII. CONSULTANT shall provide the following scope and Limits of insurance:

1. Minimum Scope of Insurance. Coverage shall be at least as broad as:
 - (1) Insurance Services Office form Commercial General Liability coverage (Occurrence Form CG 0001).
 - (2) Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, including code 1 "any auto" and endorsement CA 0025, or Equivalent forms subject to the written approval of the City.
 - (3) Workers' Compensation insurance as required by the Labor Code of State of California and Employer's Liability insurance and covering all persons Providing services on behalf of the CONSULTANT and all risks to such persons Under this AGREEMENT.
 - (4) Errors and omissions liability insurance appropriate to the CONSULTANT's profession.
2. Minimum Limits of Insurance. CONSULTANT shall maintain limits of Insurance no less than:

- (1) General Liability: \$1,000,000 general aggregate for bodily injury, Personal injury and property damage.
- (2) Automobile Liability: \$1,000,000 per accident for bodily injury and Property damage.
- (3) Workers' Compensation and Employer's Liability: Workers' Compensation as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.
- (4) Errors and Omissions Liability: \$1,000,000 per occurrence.

B. Other Provisions. Insurance policies required by this AGREEMENT shall contain the following provisions:

1. All Policies. Each insurance policy required by this paragraph 15 Shall be endorsed and state the coverage shall not be suspended, voided, Cancelled by the insurer or either party to this AGREEMENT, reduced in coverage Or in limits except after 30 days' prior written notice by Certified mail, Return receipt requested, has been given to _____.
2. General Liability and Automobile Liability Coverages.
 - (1) CITY, and its respective elected and appointed officers, officials, And employees and volunteers are to be covered as additional insureds as Respects: liability arising out of activities CONSULTANT performs; products and Completed operations of CONSULTANT; premises owned, occupied or used by CONSULTANT; or automobiles owned, leased, hired or borrowed by CONSULTANT. The Coverage shall contain no special limitations on the scope of protection Afforded to CITY, and their respective elected and appointed officers, Officials, or employees.
 - (2) CONSULTANT's insurance coverage shall be primary insurance with Respect to CITY, and its respective elected and appointed, its officers, Officials, employees and volunteers. Any insurance or self insurance maintained By CITY, and its respective elected and appointed officers, officials, employees Or volunteers, shall apply in excess of, and not contribute with, CONSULTANT's insurance.
 - (3) CONSULTANT's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - (4) Any failure to comply with the reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to CITY, and its respective elected and appointed officers, officials, employees or volunteers.
3. Workers' Compensation and Employer's Liability Coverage. Unless the

City Manager otherwise agrees in writing, the insurer shall agree to waive all rights of subrogation against CITY, and its respective elected and appointed officers, officials, employees and agents for losses arising from work performed by CONSULTANT.

C. Other Requirements. CONSULTANT agrees to deposit with CITY, at or before the effective date of this contract, certificates of insurance necessary to satisfy CITY that the insurance provisions of this contract have been complied with. The City Attorney may require that CONSULTANT furnish CITY with copies of original endorsements effecting coverage required by this Section. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. CITY reserves the right to inspect complete, certified copies of all required insurance policies, at any time.

1. CONSULTANT shall furnish certificates and endorsements from each subcontractor identical to those CONSULTANT provides.

2. Any deductibles or self-insured retentions must be declared to and approved by CITY. At the option of CITY, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CITY or its respective elected or appointed officers, officials, employees and volunteers or the CONSULTANT shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims.

3. The procuring of such required policy or policies of insurance shall not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions and requirements of this AGREEMENT.

Disclaimer - 2000

EXHIBIT "A"

CONSUTANT'S PROPOSAL

For the purposes of this Agreement, "Services" shall include the following services provided by Consultant to the City of Orange Cove.

- I. Prepare bank reconciliations and reconcile all other cash such as Local Agency Investment fund(s) and any other cash accounts to the general ledger on a periodic basis.
- II. Prepare monthly financial reports which may include revenue and expenditure reports for distribution to staff and City Council.
- III. Evaluate and analyze the City's Financial Condition and recommend ways to mitigate the City's Financial shortfalls/challenges.
- IV. Seek new revenue sources to help fund City services.
- V. Assist in the preparation of Five (5) year Financial Plan
- VI. If requested, prepare a treasurer's report.
- VII. Evaluate the City's Internal Controls and recommend ways to enhance the City's Internal control system.
- VIII. Provide staff training in implementing new accounting procedures and policies,
- IX. Assist staff in helping them monitor their department budgets.
- X. Analyze accounting transactions as required to reconcile financial reports.
- XI. Prepare the FY 2018-19 Operating and Capital Improvement Project Budgets.
- XII. Assist staff with any grant accounting reports including compliance issues.
- XIII. Assist staff with preparing for the FY 2017-18 City-Wide Audit. This work may include preparing lead schedules for accounts receivable, accounts payable, payroll, fixed assets, debt services, single audit act, and other schedules needed to complete the FY 2017-18 audit report.
- XIV. Assist staff with other annual filing requirements such as annual street report, annual transit reports and any other reports.
- XV. Attend meetings as requested by City Staff/City Council.
- XVI. Other services as may be requested by City Staff/City Council.



REPORT TO SUCCESSOR AGENCY

January 23, 2019

To: Mayor and Successor Agency Board

From: Rudy Hernandez, Interim Executive Director

SUBJECT: Consideration of Proposal for Fiscal Year 2019-20 Successor Agency Consulting Services by RSG, Inc.

BACKGROUND:

The dissolution of redevelopment is complex and arduous. The Successor Agency to the Orange Cove Redevelopment Agency ("Successor Agency") requires financial and management consulting services to help manage the numerous deadlines and requirements of Assembly Bill ("AB") x1 26, AB 1484, Senate Bill ("SB") 107, SB 341 and any new legislation that may come into effect.

Redevelopment Dissolution Consulting Services

The City of Orange Cove and the Successor Agency to the Orange Cove Redevelopment Agency have employed RSG, Inc. ("RSG") to provide consulting services related to the dissolution of the former Orange Cove Redevelopment Agency since 2012. To date, RSG has assisted with:

- Operational startup activities to create the Successor Agency, Housing Successor Entity, and Oversight Board
- Recognized Obligation Payment Schedules (ROPS) covering January 2012 to the present
- The Successor Agency's Administrative Budget for Fiscal Years 2012-13 through 2019-20
- Five-Year Cash Flow Analyses to aid preparation of the ROPS and inform other planning activities
- City Loan Agreements to cover shortfalls in prior ROPS periods
- Due Diligence Review advisory services
- Zero-Property Long Range Property Management Plan

- Review and analysis of contracts, agreements, and other documents
- Documents and presentations for City Council, Successor Agency, and Oversight Board Meetings
- Assistance with the transition to the Countywide Oversight Board
- Documents and presentations for meetings with State and County agencies
- Correspondence with State, County, and other agencies as needed
- General project advisory and management Services
- Legislative tracking, analysis, and advice
- Other services as needed

A new contract for administrative services is proposed in a not-to-exceed amount of \$20,000 to continue providing consulting services in Fiscal Year (“FY”) 2019-20.

RSG will consult on all activities required by the Dissolution Act, which may include but are not limited to:

- Maintenance of Budget and Cash Flow - RSG will maintain a working cash flow model for the Successor Agency to anticipate any future budget shortfalls.
- Preparation of the Annual ROPS and accompanying Administrative Budgets - RSG will assist the Successor Agency in completing the 2020-21 ROPS and the annual administrative budget for fiscal year 2020-21. If the Successor Agency decides to prepare a Last & Final ROPS, it may be prepared under the fiscal year 2019-20 contract to the extent budget is available. A contract amendment may be required to increase the budget if agreed upon by Successor Agency staff and RSG.
- Assistance with the Prior Period Adjustments - RSG will assist the Successor Agency in estimating the differences between actual payments, past estimated, and approved obligations, and coordinate with Fresno County on submission and follow-up.
- Attendance of Meetings - RSG will make a staff member available to the Successor Agency should they need assistance at any Successor Agency, Oversight Board, or DOF meetings.
- Provision of Additional Administrative Services - RSG will assist the Successor Agency with any additional administrative tasks as they arise.

The fee stated in the proposal matches the amount proposed to the Successor Agency and Oversight Board in the FY 2019-20 Administrative Budget. Costs for services will be paid on a monthly basis as they accrue on a time and material basis by the Successor Agency.

RECOMMENDATIONS:

1. Adopt Resolution No. SA 2019- 01 Approving a Contract with RSG, Inc. to Provide Consulting Services to the Successor Agency through Fiscal Year 2019-20

RESOLUTION NO. SA 2019-01

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE ORANGE COVE
REDEVELOPMENT AGENCY APPROVING A CONTRACT WITH RSG,
INC. TO PROVIDE CONSULTING SERVICES TO THE SUCCESSOR
AGENCY THROUGH FISCAL YEAR 2019-20**

WHEREAS, Assembly Bill 26 ("AB x1 26") was enacted by the State Legislature and signed by the Governor as of June 29, 2011; and

WHEREAS, on January 26, 2012, the City Council adopted Resolution No. 2012-09 electing to serve as the Successor Agency to the former Orange Cove Redevelopment Agency ("Successor Agency") in accordance with the Dissolution Act (enacted by Assembly Bills x1 26 and 1484 and Senate Bill 107, as codified in the California Health & Safety Code); and

WHEREAS, HSC Section 34177.3(b) states that successor agencies may create enforceable obligations to conduct the work of winding down the redevelopment agency, including acquiring necessary professional administrative services; and

WHEREAS, the Successor Agency desires to approve a contract with RSG, Inc. to provide Successor Agency consulting services through Fiscal Year 2019-20 as outlined in the proposal attached as Exhibit "A" ("RSG Contract"); and

WHEREAS, the RSG Contract is to be funded by the administrative cost allowance pursuant to HSC Section 34171(b); and

WHEREAS, the Successor Agency and Oversight Board adopted an Administrative Budget for Fiscal Year 2019-20 pursuant to HSC Section 34177(j) that included services to be provided under the RSG Contract; and

WHEREAS, HSC Section 34177(j) requires proposals for arrangements for administrative and operations services provided by a city, county, or other entity to be submitted to the oversight board for its approval; and

WHEREAS, the Successor Agency desires to approve the proposed RSG Contract Amendment and send it to the Oversight Board for consideration.

**NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE ORANGE COVE
REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

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

Section 2. Contract Approval. The RSG Contract is hereby approved.

Section 3. Execution and Transmittal. The City Manager is hereby authorized and directed to take such other and further action consistent with this resolution and sign and transmit any documents, as necessary, in order to implement this Resolution on behalf of the Successor Agency.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Successor Agency, on the 23rd day of January, 2019 by the following vote:

AYES:	AGENCY BOARD MEMBERS:
NOES:	AGENCY BOARD MEMBERS:
ABSENT:	AGENCY BOARD MEMBERS:

VICTOR P. LOPEZ
AGENCY CHAIRPERSON

ATTEST:

JUNE BRACAMONTES, AGENCY SECRETARY

APPROVED AS TO FORM:

XXX, AGENCY COUNSEL

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY)

I, JUNE BRACAMONTES, hereby certify that I am the duly appointed Agency Secretary the Successor Agency to the Orange Cove Redevelopment Agency and that the foregoing resolution was duly adopted at a regular meeting of the Successor Agency held on the 23rd day of January, 2019.

June Bracamontes
Agency Secretary

EXHIBIT "A"
RSG, INC. PROPOSAL FOR
ORANGE COVE SUCCESSOR AGENCY
CONSULTING SERVICES IN FISCAL YEAR 2019-20



17872 GILLETTE AVE.
SUITE 350
IRVINE, CA 92614

714 541 4585
INFO@WEBRSG.COM
WEBRSG.COM

November 13, 2018

Via Electronic Mail

Rudy Hernandez, Interim City Manager
CITY OF ORANGE COVE
633 Sixth Street
Orange Cove, CA 93646

**PROPOSAL FOR SUCCESSOR AGENCY ADMINISTRATIVE CONSULTING
SERVICES 2019-20**

Dear Mr. Hernandez:

RSG is pleased to present this proposal to the City of Orange Cove ("City") and Successor Agency to the Redevelopment Agency of the City of Orange Cove ("Successor Agency") to provide administrative consulting services for the 2019-20 fiscal year. RSG has been working with the City and Successor Agency since the beginning of redevelopment dissolution in 2012. With RSG's assistance, the Successor Agency has overcome many hurdles and fulfilled numerous state reporting requirements. RSG would like to continue serving the Successor Agency in its capacity as Administrative Consultants and see the Successor Agency through to the end of this arduous process.

SCOPE OF SERVICES

The proposed Scope of Services is based upon our experience with the Successor Agency and upcoming tasks that we have identified. RSG is happy to discuss modifications to the scope as needed to satisfy the Successor Agency's needs. RSG has identified the following tasks:

Task 1: Budget and Cash Flow Work

RSG will continue to maintain a working cash flow model for the Successor Agency to anticipate any future budget shortfalls and ensure that obligations can be met. RSG will assist the Successor Agency in working to close any budget gaps by employing the variety of methods. RSG will also review the County Auditor-Controller's January and June RPTTF distributions to ensure accuracy, including updates the Successor Agency's long-term cash flow based on actual revenues and expenditures.

Task 2: Complete Annual ROPS and accompanying Administrative Budgets

The Successor Agency must annually submit a Recognized Obligation Payment Schedule ("ROPS") to the newly formed county-wide County of Los Angeles Oversight Board ("Oversight Board") and Department of Finance. RSG will assist the Successor Agency in completing the 2020-21 ROPS that will be addressed during the 2019-20 fiscal year or the Last and Final ROPS if eligible. Should an issue arise during the Department of Finance's review of the ROPS, RSG would assist the Successor Agency in drafting a Meet and Confer request and is available to attend the meeting. The Successor Agency is allowed to amend the ROPS once during the period. RSG can assist the Successor Agency if this need arises.

The Successor Agency must submit an annual administrative budget supporting the use of the annual administrative allowance allowed by law. RSG will assist the Successor Agency in preparing the annual administrative budget for fiscal year 2020-21, which will be submitted along with ROPS. RSG will attend the Oversight Board meetings for both these items and prepare related staff reports and resolutions.

Task 3: Assist with County PPA

The differences between actual payments and past estimated and approved obligations on the ROPS shall be annually submitted by the Successor Agency to the Los Angeles County Auditor-Controller on October 1 each year for review and adjustment to future distributions. RSG will assist the Successor Agency with this process and coordinate with the County. This includes assisting the Successor Agency with payment verification documents as requested by the County.

Task 4: Attend Meetings as Necessary

RSG will make a staff member available to the Successor Agency should they need assistance at any Successor Agency, Oversight Board, or DOF meetings.

Task 5: Additional Administrative Services as Needed

RSG will assist the Successor Agency with any additional administrative tasks as they arise and respond to general inquiries from DOF and other interested parties.

CONTRACT TERM

RSG's contract will begin upon approval by the City and Successor Agency and end on June 30, 2020.

PROJECT TEAM

Ms. Tara Matthews, Partner will be the principal in charge of this engagement. Suzy Kim, Senior Associate will be the Project Manager, and will be assisted by additional staff as needed.

FEE PROPOSAL

RSG will complete consulting services on a time-and-materials basis, with a not to exceed amount of **\$20,000**. RSG does not charge clients for mileage (except direct costs related to field surveys), parking, standard telephone/fax expenses, general postage or incidental copies. However, we do charge for messenger services, overnight shipping/express mail costs and teleconferencing services. We also charge for copies of reports, documents, notices, and support material in excess of five (5) copies. These costs are charged back at the actual expense plus a 10% surcharge.

RSG issues monthly invoices payable upon receipt, unless otherwise agreed upon in advance. Invoices identify tasks completed to date, hours expended and the hourly rate.

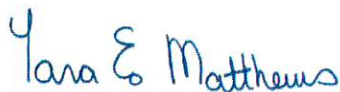
HOURLY BILLING RATES:

Principal/Director	\$ 275
Senior Associate	200
Associate	180
Senior Analyst	150
Analyst	135
Research Assistant	125
Technician	80
Clerical	60
Reimbursable Expenses	Cost plus 10%

Rudy Hernandez, Interim City Manager
CITY OF ORANGE COVE
November 13, 2018
Page 4

We appreciate the opportunity to submit our proposal to the City and Successor Agency, and look forward to working with you again. If you have any questions, please do not hesitate to contact me at 714-316-2116.

Sincerely,
RSG, INC.



Tara Matthews
Principal



Suzy Kim
Senior Associate

APPROVED AND AUTHORIZED TO
PROCEED:

Signature: _____
Printed _____
Name: _____
Title: _____
Date: _____



REPORT TO CITY COUNCIL AND SUCCESSOR AGENCY

January 23, 2019

To: Mayor and City Council / Successor Agency Board

From: Rudy Hernandez, Interim City Manager

SUBJECT: Consider a Bond Expenditure Agreement between the City of Orange Cove and the Orange Cove Redevelopment Successor Agency for the transfer of excess bond proceeds from the Successor Agency to the City

BACKGROUND:

The Successor Agency to the Orange Cove Redevelopment Agency ("Successor Agency") issued Tax Allocation Refunding Bonds in 2014 ("Bonds") which refinanced the 2004 Tax Allocation Bonds originally issued by the former Orange Cove Redevelopment Agency. Health & Safety Code ("HSC") Section 34191.4(c) permits the Successor Agency to spend bond proceeds for the purposes for which the bonds were sold, in excess of amounts needed to satisfy approved enforceable obligations, in a manner consistent with the original bond covenants. Such expenditures constitute "Excess Bond Proceeds" obligations that are listed on the successor agency's Recognized Obligation Payment Schedule ("ROPS").

On August 28, 2014, the Department of Finance ("DOF") approved Resolution 2014-07 of the former local Oversight Board to the Orange Cove Successor Agency approving a bond proceed expenditure plan ("2014 Plan"). The 2014 Plan approved spending \$722,389 in Excess Bond Proceeds on Community Center Improvements, Park Improvements, and Housing Rehabilitation Grants on homes occupied by low and moderate income households. As of November 30, 2018, the Successor Agency has drawn down \$333,125 in Excess Bond Proceeds to reimburse costs incurred on Community Center Improvements and Park Improvements.

As of November 30, 2018, \$394,501 remained unspent as Excess Bond Proceeds from these bonds (\$57,427 in non-housing proceeds and \$337,074 in housing proceeds). While the Successor Agency intends to spend remaining Excess Bond Proceeds in accordance with the 2014 Plan and bond covenants, the unspent proceeds are preventing the Successor Agency from adopting a Last and Final Recognized Obligation Payment Schedule

("ROPS"). A Last and Final ROPS would reduce the administrative burden on the Successor Agency and eliminate the need for Countywide Oversight Board meetings to approve the ROPS.

The Successor Agency is proposing a new 2019 Bond Expenditure Agreement between the City of Orange Cove ("City") and Successor Agency that authorizes the transfer of all unspent bond proceeds from the Successor Agency to the City in order to complete projects and activities consistent with the bond covenants ("2019 Bond Expenditure Agreement"). Up to \$450,000 is authorized for transfer to account for changing balances due to interest between the time the agreement is adopted and executed.

This transfer would be placed on the Successor Agency's ROPS for Fiscal Year 2019-20. If the 2019 Bond Expenditure Agreement is approved by DOF and funds are transferred from the Successor Agency to the City on the ROPS 19-20, the City will be able to spend the funds when they are needed as intended by the bond covenants without requiring DOF approval on subsequent ROPS. It will also make the Successor Agency eligible to adopt a Last & Final ROPS.

In addition, allowing the City to implement projects with the excess bond proceeds would advance the City's community development goals by revitalizing the former redevelopment project area and providing social and fiscal benefits to taxing entities and the community.

RECOMMENDATIONS

Staff recommends that the Successor Agency:

1. Adopt City Council Resolution No. 2019-07 and SA Resolution No. 2019-02 Approving a Bond Expenditure Agreement Between the City of Orange Cove and the Orange Cove Successor Agency

ATTACHMENTS

1. Bond Expenditure Agreement
2. Indenture of Trust
3. City Council Resolution No. 2019-07
4. Successor Agency Resolution No. 2019-02

Resolution No. 2019 07

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE
COVE APPROVING A BOND EXPENDITURE AGREEMENT BETWEEN
THE CITY OF ORANGE COVE AND THE ORANGE COVE
REDEVELOPMENT SUCCESSOR AGENCY**

WHEREAS, Assembly Bill 26 (“ABx1 26”) was enacted by the State Legislature and signed by the Governor as of June 29, 2011; and

WHEREAS, on January 26, 2012, the City Council adopted Resolution No. 2012-09 electing to serve as the Successor Agency to the former Orange Cove Redevelopment Agency (“Successor Agency”) in accordance with the Dissolution Act (enacted by Assembly Bills 26 and 1484 and Senate Bill 107, as codified in the California Health & Safety Code); and

WHEREAS, the Successor Agency received its Finding of Completion under Health and Safety Code Section 34179.7 from the California Department of Finance on April 26, 2013; and

WHEREAS, Health and Safety Code Section 34191.4(c) allows a successor agency that has received a finding of completion to use bond proceeds from bonds issued prior to December 31, 2010 (“Bond Proceeds”) for purposes for which the bonds were sold, provides that Bond Proceeds in excess of amounts needed to satisfy approved enforceable obligations as defined in Health and Safety Code Section 34171(d) (“Excess Bond Proceeds”) shall be expended in a manner consistent with the original bond covenants, and further provides that such expenditures shall constitute excess bond proceeds obligations within the meaning of Health and Safety Code Section 34191.4(c)(2)(A) that shall be listed separately on the successor agency’s Recognized Obligation Payment Schedule (“ROPS”); and

WHEREAS, as of its last accounting, the Successor Agency has determined it is holding Excess Bond Proceeds in the amount up to \$450,000 that are not otherwise obligated for a project or other enforceable obligations from the 2014 Tax Allocation Refunding Bonds for the Orange Cove Redevelopment Project Area, which refunded 2004 Tax Allocation Bonds originally issued by the Orange Cove Redevelopment Agency; and

WHEREAS, the Successor Agency desires to provide Excess Bond Proceeds to the City of Orange Cove (“City”) to enable the City to use such funds, in a manner consistent with the original bond covenants, to undertake projects and programs that were not previously funded and obligated by Successor Agency or the City; and

WHEREAS, the Agreement would advance the City’s community development goals while maximizing fiscal and social benefits flowing to the taxing entities from successful development. The City Council has found that the use of Excess Bond Proceeds to fund projects detailed in the Agreement is in accordance with Health and Safety Code Sections 33445, 33445.1, and 33679, the original bond covenants, and other applicable laws; and

WHEREAS, the City Council desires to approve a Bond Expenditure Agreement (“Agreement”), attached as Exhibit “A”, between the City and Successor Agency.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Orange Cove, California, as follows:

SECTION 1. The above recitals are true and correct and are adopted as the findings of the City Council.

SECTION 2. The City Council hereby determines that the expenditure of Excess Bond Proceeds in accordance with the attached Agreement will benefit the affected taxing entities, and herein approves the execution of the attached Agreement and the provision of Excess Bond Proceeds to the City for the purposes described.

SECTION 3. City and Successor Agency staff are authorized to take such other and further action as necessary to carry out the intent of this Resolution.

SECTION 4. If any provision, sentence, clause, section or part of this Resolution is found to be unconstitutional, illegal or invalid, such finding shall affect only such provision, sentence, clause, section or part, and shall not affect or impair any of the remaining parts.

This resolution was adopted at a Regular Meeting of the City Council of the City of Orange Cove held on January 23, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Victor P. Lopez, Mayor

ATTEST:

June V. Bracamontes, City Clerk

APPROVED AS TO FORM:

Daniel T. McCloskey, City Attorney

EXHIBIT "A"

BOND EXPENDITURE AGREEMENT
BETWEEN THE CITY OF ORANGE COVE AND
ORANGE COVE REDEVELOPMENT SUCCESSOR AGENCY

RESOLUTION NO. SA 2019-02

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY APPROVING A BOND EXPENDITURE AGREEMENT BETWEEN THE CITY OF ORANGE COVE AND THE ORANGE COVE REDEVELOPMENT SUCCESSOR AGENCY

WHEREAS, Assembly Bill 26 ("AB x1 26") was enacted by the State Legislature and signed by the Governor as of June 29, 2011; and

WHEREAS, on January 26, 2012, the City Council adopted Resolution No. 2012-09 electing to serve as the Successor Agency to the former Orange Cove Redevelopment Agency ("Successor Agency") in accordance with the Dissolution Act (enacted by Assembly Bills x1 26 and 1484 and Senate Bill 107, as codified in the California Health & Safety Code); and

WHEREAS, the Successor Agency received its Finding of Completion under Health and Safety Code Section 34179.7 from the California Department of Finance on April 26, 2013; and

WHEREAS, Health and Safety Code Section 34191.4(c) allows a successor agency that has received a finding of completion to use bond proceeds from bonds issued prior to December 31, 2010 ("Bond Proceeds") for purposes for which the bonds were sold, provides that Bond Proceeds in excess of amounts needed to satisfy approved enforceable obligations as defined in Health and Safety Code Section 34171(d) ("Excess Bond Proceeds") shall be expended in a manner consistent with the original bond covenants, and further provides that such expenditures shall constitute excess bond proceeds obligations within the meaning of Health and Safety Code Section 34191.4(c)(2)(A) that shall be listed separately on the successor agency's Recognized Obligation Payment Schedule ("ROPS"); and

WHEREAS, as of its last accounting, the Successor Agency has determined it is holding Excess Bond Proceeds in the amount up to \$450,000 that are not otherwise obligated for a project or other enforceable obligations from the 2014 Tax Allocation Refunding Bonds for the Orange Cove Redevelopment Project Area, which refunded 2004 Tax Allocation Bonds originally issued by the Orange Cove Redevelopment Agency; and

WHEREAS, the Successor Agency desires to provide Excess Bond Proceeds to the City of Orange Cove ("City") to enable the City to use such funds, in a manner consistent with the original bond covenants, to undertake projects and programs that were not previously funded and obligated by Successor Agency or the City; and

WHEREAS, the Agreement would advance the City's community development goals while maximizing fiscal and social benefits flowing to the taxing entities from successful development. The City Council has found that the use of Excess Bond Proceeds to fund projects detailed in the Agreement is in accordance with Health and Safety Code Sections 33445, 33445.1, and 33679, the original bond covenants, and other applicable laws; and

WHEREAS, the Successor Agency desires to approve a Bond Expenditure Agreement (“Agreement”), attached as Exhibit “A”, between the City and Successor Agency.

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. Approval of Bond Expenditure Agreement. Determines that the expenditure of Excess Bond Proceeds in accordance with the attached Agreement will benefit the affected taxing entities, and herein approves the execution of the attached Agreement and the provision of Excess Bond Proceeds to the City for the purposes described.

Section 3. Further Action. Authorizes Successor Agency staff to take such other and further action as necessary to carry out the intent of this Resolution.

Section 4. Legal Changes. Declares that if any provision, sentence, clause, section or part of this Resolution is found to be unconstitutional, illegal or invalid, such finding shall affect only such provision, sentence, clause, section or part, and shall not affect or impair any of the remaining parts.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Successor Agency, on the 23rd day of January, 2019, by the following vote:

AYES:	AGENCY BOARD MEMBERS:
NOES:	AGENCY BOARD MEMBERS:
ABSENT:	AGENCY BOARD MEMBERS:

VICTOR P. LOPEZ
AGENCY CHAIRPERSON

ATTEST:

JUNE BRACAMONTES, AGENCY SECRETARY

APPROVED AS TO FORM:

XXX, AGENCY COUNSEL

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY)

I, JUNE BRACAMONTES, hereby certify that I am the duly appointed Agency Secretary the Successor Agency to the Orange Cove Redevelopment Agency and that the foregoing resolution was duly adopted at a regular meeting of the Successor Agency held on the 23rd day of January, 2019.

June Bracamontes
Agency Secretary

EXHIBIT "A"

BOND EXPENDITURE AGREEMENT
BETWEEN THE CITY OF ORANGE COVE AND
ORANGE COVE REDEVELOPMENT SUCCESSOR AGENCY

BOND EXPENDITURE AGREEMENT

This Bond Expenditure Agreement (the "Agreement") is entered into effective _____, 2019, by and between the City of Orange Cove, a municipal corporation (the "City"), and the Successor Agency to the Orange Cove Redevelopment Agency under Health and Safety Code Section 34173 ("Successor Agency") pursuant to City Council Resolution No. _____, Successor Agency Resolution No. _____, and the Fresno Countywide Oversight Board ("Oversight Board") Resolution No. _____.

Recitals

A. Successor Agency received its Finding of Completion under Health and Safety Code Section 34179.7 from the California Department of Finance on April 26, 2013.

B. Health and Safety Code Section 34191.4(c) allows a successor agency that has received a finding of completion to use bond proceeds from bonds issued prior to December 31, 2010 ("Bond Proceeds") for purposes for which the bonds were sold, provides that Bond Proceeds in excess of amounts needed to satisfy approved enforceable obligations as defined in Health and Safety Code Section 34171(d) ("Excess Bond Proceeds") shall be expended in a manner consistent with the original bond covenants, and further provides that such expenditures shall constitute "excess bond proceeds obligations" that shall be listed separately on the successor agency's Recognized Obligation Payment Schedule ("ROPS").

C. Successor Agency has Excess Bond Proceeds from the Tax Allocation Refunding Bonds, Series 2014, which refunded bonds originally issued from the Series 2004 Tax Allocation Bonds, Series A for the Orange Cove Redevelopment Project.

D. Successor Agency has been spending Excess Bond Proceeds as approved by the former local Oversight Board to the Orange Cove Successor Agency and the Department of Finance on a Bond Expenditure Plan adopted by Oversight Board Resolution 2014-07 and subsequent Recognized Obligation Payment Schedules.

E. Successor Agency has remaining Excess Bond Proceeds and wishes to use such proceeds for redevelopment purposes consistent with applicable bond covenants.

F. The California Community Redevelopment Law (Health and Safety Code Section 33000, et seq.) provides for a cooperative relationship between cities and their redevelopment agencies, as well as their successor agencies who have assumed the duties and obligations of the former redevelopment agencies. Under Health and Safety Code Section 33220, a city may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. Health and Safety Code Section 33220(e) specifically authorizes a city to enter into an agreement with its redevelopment agency or any other public entity to further redevelopment purposes. Health and Safety Code Section 34178 allows a successor agency and its sponsoring city to enter into agreements with the approval of the oversight board.

G. Successor Agency desires to provide Excess Bond Proceeds to the City to enable the City to use such funds, in a manner consistent with the original bond covenants; to undertake projects and programs that were not previously funded and obligated by Successor Agency or the City. The transfer of these funds to the City would advance the City's community development goals while maximizing fiscal and social benefits flowing to the taxing entities from successful development. The City Council has found that the use of Excess Bond Proceeds to fund projects is in accordance with Health and Safety Code Sections 33445, 33445.1, and 33679, the bond covenants, and other applicable law. The Oversight Board has determined that the expenditure of Excess Bond Proceeds in accordance with this Agreement will benefit the affected taxing entities and has approved the execution of this Agreement and the provision of Excess Bond Proceeds to the City for the purposes described herein.

H. In order to facilitate the use of Excess Bond Proceeds consistent with the bond covenants, Successor Agency and the City have negotiated this Agreement requiring the transfer of current Excess Bond Proceeds by Successor Agency to the City, and the City's use of such proceeds consistent with applicable bond covenants. The parties intend that this Agreement shall constitute an excess bond proceeds obligation within the meaning of Health and Safety Code Section 34191.4(c)(1)(A) ("Excess Bond Proceeds Obligation") to be paid from Excess Bond Proceeds. Upon approval by the Oversight Board, Successor Agency will list this Agreement, and the requirement to transfer Excess Bond Proceeds herein, on its ROPS for July 1, 2019 through June 30, 2020 ("ROPS 19-20") as an Excess Bond Proceeds Obligation. The California Department of Finance shall review such listing pursuant to its statutory right of review and approval of a ROPS.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. RECITALS

The recitals above are an integral part of this Agreement and set forth the intentions of the parties and the premises on which the parties have decided to enter into this Agreement.

2. SUCCESSOR AGENCY'S OBLIGATIONS

Successor Agency shall have the following obligations under this Agreement:

2.1. **CURRENT EXCESS BOND PROCEEDS.** Successor Agency shall transfer to the City Excess Bond Proceeds held by Successor Agency in an amount of up to \$450,000.

2.2. **FUTURE EXCESS BOND PROCEEDS.** Successor Agency shall transfer to the City all future Excess Bond Proceeds held or received by Successor Agency. Such future Excess Bond Proceeds shall include, without limitation, (1) Bond Proceeds previously obligated to a project or other Enforceable Obligation that become unobligated for any reason, (2) Bond Proceeds that become available in the form of rents, sale proceeds, loan repayments, or other revenues that are generated by properties or other assets acquired and/or improved with Bond Proceeds and that are not otherwise obligated to a project or other Enforceable Obligation, and (3) any other funds held by Successor Agency that qualify as Excess Bond Proceeds under this Agreement. For purposes of this Agreement, "Enforceable Obligation" shall have the meaning ascribed to such term in Health and Safety Code Section 34171(d).

The parties intend that payments of future Excess Bond Proceeds be made to the City as soon

as possible after such Excess Bond Proceeds become available. The transfer of future Excess Bond Proceeds shall be made pursuant to an approved ROPS within 90 days of the commencement of the relevant ROPS period. Successor Agency shall be responsible for ensuring that payments of future Excess Bond Proceeds, as such funds become available, are included on the next possible ROPS.

2.3. **PROJECTS FUNDED BY EXCESS BOND PROCEEDS.** Successor Agency assigns to the City all responsibilities in relation to the administration of any projects or programs funded by Excess Bond Proceeds. Successor Agency assigns to the City all contracts entered into by Successor Agency or the former Orange Cove Redevelopment Agency related to activities to be funded by Excess Bond Proceeds, with the exception of those contracts retained by Successor Agency relating to Enforceable Obligations.

3. CITY'S OBLIGATIONS

The City shall have the following obligations under this Agreement:

3.1. **RETENTION OF EXCESS BOND PROCEEDS.** The City shall accept, hold, and disburse Excess Bond Proceeds transferred to the City by Successor Agency under this Agreement, including current Excess Bond Proceeds and future Excess Bond Proceeds. The City shall retain any Excess Bond Proceeds that it receives, such as revenue generated from properties acquired or improved with Excess Bond Proceeds or payments on loans funded from Excess Bond Proceeds, without any obligation to return such funds to Successor Agency, and shall use such funds for uses consistent with applicable bond covenants.

3.2. **BOND SPENDING PLAN.** The City may spend Excess Bond Proceeds received or retained under this Agreement on any project, program, or activity consistent with the original bond covenants applicable to the particular Excess Bond Proceeds, and must comply with all requirements of federal tax law and all applicable requirements of the California Community Redevelopment Law as to the use of such funds. The City intends to spend the Excess Bond Proceeds pursuant to the bond covenants, which are defined as aiding and financing the Orange Cove Redevelopment Project and paying the costs of low and moderate income housing projects which meet the requirements of Health and Safety Code Sections 33334.2 and 33334.3.

The City shall be solely responsible for ensuring that Excess Bond Proceeds are maintained and spent in accordance with bond covenants and other applicable laws. The City may transfer funds between approved projects, programs and activities, as long as the transfer is within a single project area if applicable bond covenants restrict such funds to a particular project area.

The City shall indemnify and defend Successor Agency, and its officers and agents, against, and shall hold Successor Agency, and its officers and agents, harmless from, any claims, causes of action, or liabilities arising from the misuse of Excess Bond Proceeds by the City or the failure of the City to ensure that Excess Bond Proceeds are used in accordance with bond covenants, federal tax law, and the California Community Redevelopment Law.

The City assumes all contracts entered into by Successor Agency or the former Orange Cove Redevelopment Agency related to activities to be funded by Excess Bond Proceeds, with the exception of those contracts retained by Successor Agency relating to Enforceable Obligations. The City shall perform its obligations hereunder, and under such assumed contracts, in

accordance with the applicable provisions of federal, state and local laws, including the obligation to comply with environmental laws such as CEQA, and shall timely complete the work required for each project.

4. ENTIRE AGREEMENT; WAIVERS; AND AMENDMENTS

4.1. This Agreement constitutes the entire understanding and agreement of the parties with respect to the transfer and use of Excess Bond Proceeds. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter of this Agreement.

4.2. This Agreement is intended solely for the benefit of the City and Successor Agency. Notwithstanding any reference in this Agreement to persons or entities other than the City and Successor Agency, there shall be no third party beneficiaries under this Agreement.

4.3. All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the authorized representatives of the parties.

5. SEVERABILITY

If any term, provisions, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability. In addition, the parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant, or condition can be accomplished to the maximum extent legally permissible.

6. DEFAULT

If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity to enforce the provisions of this contract, including without limitation the right to sue for damages for breach of contract or to seek specific performance. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and shall not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party.

7. BINDING ON SUCCESSORS

This Agreement shall be binding on and shall inure to the benefit of all successors and assigns of the parties, whether by agreement or operation of law.

8. FURTHER ASSURANCES

Each party agrees to execute, acknowledge and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent

of this Agreement.

[SIGNATURES ON NEXT PAGE]

DRAFT

In witness whereof, the undersigned parties have executed this Bond Expenditure Agreement effective as of the date first above written.

“CITY”

THE CITY OF ORANGE COVE,
a municipal corporation

By: _____
City Manager

Attest:
By: _____
City Clerk

Approved as to form:

By: _____
City Attorney

“SUCCESSOR AGENCY”

THE SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY,
successor agency to the Orange Cove Redevelopment Agency under Health and Safety Code Section 34173.

By: _____
Agency Chair

Attest:
By: _____
Agency Secretary

Approved as to form:

By: _____
Agency Counsel

INDENTURE OF TRUST

between the

SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of September 1, 2014

Relating to

\$4,449,966

**SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY
ORANGE COVE REDEVELOPMENT PROJECT
TAX ALLOCATION REFUNDING BONDS, SERIES 2014**

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EXHIBIT A--FORM OF BOND

EXHIBIT B--FORM OF PURCHASER CERTIFICATE

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (the "Indenture") is dated as of September 1, 2014, between the Successor Agency to the Orange Cove Redevelopment Agency, a public body, corporate and politic, organized and existing under, and by virtue of, the laws of the State of California (the "Agency"), and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America and authorized to accept and execute trust indentures of the character herein set out, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Successor Agency to the Orange Cove Redevelopment Agency (the "Agency") is a public body, corporate and politic, organized and existing under, and by virtue of the laws of the State of California, as successor to the dissolved Orange Cove Redevelopment Agency (the "Original Agency");

WHEREAS, the Original Agency was a redevelopment agency in the City of Orange Cove (the "City"), duly created pursuant to the California Community Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (together with California Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") and Assembly Bill No. 1484 (Chapter 26, Statutes 2012) ("AB 1484"), the "Law"); and

WHEREAS, a redevelopment plan for the Orange Cove Redevelopment Project (the "Redevelopment Project") has been adopted under the Law pursuant to all applicable requirements of the Law; and

WHEREAS, pursuant to an Indenture of Trust, dated as of January 1, 2004 (the "2004 Indenture"), between the Original Agency and U.S. Bank National Association (the "2004 Trustee"), the Original Agency has issued its Orange Cove Redevelopment Agency, Orange Cove Redevelopment Project 2004 Tax Allocation Bonds, Series A (the "Prior Obligations"), in the original principal amount of \$6,230,000, of which \$4,725,000 is currently outstanding, secured by certain tax increment revenue allocated to the Redevelopment Project pursuant to Health and Safety Code Section 33670, subject to their respective lien priority; and

WHEREAS, after adopting AB1X 26 on June 29, 2011, which dissolved all redevelopment agencies in existence in the State of California as of February 1, 2012, and designated successor agencies and oversight boards to satisfy enforceable obligations of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies, the California State Legislature adopted AB 1484, which, among other things, provides a mechanism to refund tax allocation bonds under certain circumstances; and

WHEREAS, pursuant to California Health and Safety Code Section 34173(d), the Agency is the successor agency to the Original Agency with respect to the Original Agency's outstanding bonds, as confirmed by a resolution of the City Council of the City of Orange Cove; and

WHEREAS, the Agency is authorized under Health and Safety Code Section 34177.5(a) to refund the Prior Obligations as long as the following two conditions are met: First, the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the Prior Obligations to be refunded plus the remaining principal of the Prior Obligations to be refunded; second, the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the Prior Obligations, to establish customary debt service reserves, and to pay related costs of issuance including costs of financial advisors, consultants, counsel and staff related to the refunding (the "Refunding Test"); and

WHEREAS, the Successor Agency's Financial Advisor (as defined below) has provided information to show there are significant debt service savings associated with a refunding of the Prior Obligations; and

WHEREAS, pursuant to Health and Safety Code Section 34179(a), the Agency has a duly established oversight board (the "Oversight Board") which, pursuant to Health and Safety Code Section 34177.5(f), may direct the Agency to issue bonds to refund the Prior Bonds so long as the Agency is able to recover the costs of the transaction of the Agency; and

WHEREAS, on May 27, 2014, pursuant to Resolution No. OB 2014-06, the Oversight Board directed the Agency to prepare for the refunding of all or a portion of the Prior Obligations to achieve debt service savings; and

WHEREAS, pursuant to Health and Safety Code Section 34177.5(a)(1), the Agency may pledge to the Bonds (defined herein) the revenues pledged to the Prior Obligations, and that pledge, when made in connection with the issuance of such Bonds, shall have the same lien priority as the pledge of the Prior Obligations being refunded, and shall be valid, binding, and enforceable in accordance with its terms; and

WHEREAS, due to low interest rates, it is beneficial to the City and all taxing entities to undertake a refunding of the Prior Obligations assuming certain debt service refinancing thresholds provided herein are met as determined by the Agency and the Oversight Board upon approval of the refunding documents and meeting the conditions set forth in Health and Safety Code Section 34177.5(a)(1); and

WHEREAS, on September 15, 2014, the Agency adopted Resolution No. SA 2014-08 (the "Resolution of Issuance"), under which the Agency requested that the Oversight Board direct it to undertake proceedings for the refunding of the Prior Obligations through the issuance of its Successor Agency to the Orange Cove Redevelopment Agency Orange Cove Redevelopment Project Tax Allocation Refunding Bonds, Series 2014 (the "Bonds"), and on September 16, 2014, the Oversight Board adopted its Resolution No. OB 2014-08, so directing the Agency; and

WHEREAS, pursuant to such authorization, to provide moneys to refund the Prior Obligations the Agency now wishes to authorize the issuance and sale of the Bonds under the provisions of Section 34177.5 of the Law and Article 11 (commencing with Section 53580) of

Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (collectively, the "Refunding Bond Law"); and

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

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

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture, of any Indenture supplemental hereto, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified:

"Additional Revenues" means, as of the date of calculation, the amount of Tax Revenues which, as shown in a Consultant's Report, are estimated to be receivable by the Agency within the Fiscal Year following the Fiscal Year in which such calculation is made, as a result of increases in the assessed valuation of taxable property in the Redevelopment Project due to construction which has been completed but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Redevelopment Project is estimated to increase above the assessed valuation of taxable property in the Redevelopment Project (as evidenced in the written records of the County) as of the date on which such calculation is made.

"Agency" means the Successor Agency to the Orange Cove Redevelopment Agency, a public body, corporate and politic, organized and existing under the laws of the State of California, and any successor thereto.

"Annual Debt Service" mean, for each Bond Year, the sum of (i) the interest falling due on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds, if any, are redeemed from the Sinking Account, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (ii) the principal amount of the Outstanding Serial Bonds, if any, maturing by their terms in such Bond Year, and (iii) the minimum amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year. The term "Annual Debt Service" shall not include interest on Bonds which is to be paid from amounts constituting capitalized interest.

"Authorized Denominations" means denominations of one hundred thousand dollars (\$100,000) or any integral multiple of five thousand dollars (\$5,000) in excess thereof, except for one Bond which may be in amount less than a multiple of \$5,000.

"Authorized Officer" means the means the Chair or Vice Chair, the Executive Director, the Finance Director, the Agency Secretary, or any other official of the Agency authorized by the Board of Directors to act for the Agency.

"Bonds" means the \$4,449,966 principal amount of Successor Agency to the Orange Cove Redevelopment Agency Orange Cove Redevelopment Project Tax Allocation Refunding Bonds, Series 2014 authorized hereby and at any time Outstanding hereunder.

"Bond Counsel" means Nossaman LLP or any other attorney or firm of attorneys appointed by and acceptable to the Agency, of nationally-recognized experience in the execution and delivery of obligations the interest in which is excludable from gross income for federal income tax purposes.

"Bond Year" means, with respect to the Bonds, the twelve-month period beginning on February 2 in any year and the next succeeding February 1 of each year; provided, however, that the first Bond Year shall begin on the Closing Date and end on February 1, 2015.

"Business Day" means any day other than a Saturday, Sunday or legal holiday or a day on which banks are authorized to be closed for business in California.

"Certificate of the Agency" means an instrument in writing signed by an Authorized Officer of the Agency.

"Closing Date" means the date of original delivery of the Bonds to the Purchaser, being September 30, 2014.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations relating to such section which are applicable to the Bonds or the use of the proceeds thereof.

"Consultant's Report" means a report signed by an Independent Financial Consultant or an Independent Redevelopment Consultant, as may be appropriate to the subject of the report, and including:

(1) a statement that the person or firm making or giving such report has read the pertinent provisions of this Indenture to which such report relates;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based; and

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

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

"Debt Service Fund" means the fund by that name which is established and held by the Trustee under Section 3.06.

"Default Rate" means 3.00% plus the interest rate equal to the interest rate on the Bonds.

"Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the Agency relating to the issuance of the Bonds, including but not limited to filing costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Purchaser and its counsel, financing discounts, legal fees and charges, financial and other professional consultant fees, fees for execution, transportation and safekeeping of Bonds and charges and fees in connection with the foregoing.

"Dissolution Act" means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of the Law.

"DOF" means the State of California Department of Finance.

"Escrow Fund" means the fund established by the Escrow Instructions.

"Escrow Instructions" means the escrow instructions from the Agency to the 2004 Trustee, dated as of September 1, 2014.

"Event of Default" means an event of default described in Section 6.01 hereof.

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

"Fiscal Year" means the twelve calendar month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with applicable law.

"Generally Accepted Accounting Principles" means the uniform accounting and reporting procedures prescribed by the California State Controller or his or her successor for cities in the State of California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

"Gross Up Rate" means an interest rate equal to the rate of the Bonds per annum times 1.35.

"Independent Accountant" means any accountant or firm of such accountants appointed and paid by the Agency, and who, or each of whom (a) is in fact independent and not under domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make annual or other audits of the books of or reports to the Agency.

"Independent Financial Consultant" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Agency and who, or each of whom (a) is in fact independent and not under the domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

"Independent Redevelopment Consultant" means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies, appointed and paid by the Agency, and who, or each of whom (a) is in fact independent and not under the domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

"Interest Payment Date" means February 1, 2015 and each August 1 and February 1 thereafter.

"Law" means (i) the Community Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended), (ii) Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended, and (iii) Article 11 of Chapter 3, Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended.

"Material Adverse Effect" means (a) with respect to the Agency, a material and adverse effect on the financial condition or operations of the Agency or the ability of the Agency to timely pay the principal of and interest on the Bonds, or (b) with respect to this Indenture, a material adverse effect upon (i) the enforceability of this Indenture, (ii) the ability of the Agency to perform its obligations under this Indenture, or (iii) the rights of or benefits or remedies available to the Purchase under this Indenture.

Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.02) all Bonds except:

- (1) Bonds canceled by the Agency;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 8.01; and
- (3) Bonds in lieu of or in substitution for which replacement Bonds shall have been executed and delivered hereunder.

"Oversight Board" means the oversight board duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

"Owner" or "Bond owner" means the registered owner of any Outstanding Bond.

"Parity Debt" means all bonds, notes, loan agreements, or other obligations of the Agency, payable from and secured by a pledge of and lien upon any of the Tax Revenues incurred on a parity with the payment of the Bonds pursuant to Section 2.10 hereof.

"Pass-Through Agreements" means, all of the agreements between the Agency and other taxing agencies entered into pursuant to Section 33401 of the Law with respect to the Redevelopment Project and in existence on the Closing Date, under which the Agency is obligated to pay or cause to be paid to other entities amounts which would otherwise be treated as Tax Revenues.

"Permitted Investments" mean 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 (the Trustee is entitled to conclusively rely upon any direction of the Agency as a certification that such investment constitutes a Permitted Investment):

1. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, but excluding CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

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

Farmers Home Administration (FmHA)

Certificates of beneficial ownership

Federal Housing Administration Debentures (FHA)

General Services Administration

Participation certificates

Government National Mortgage Association (GNMA or "Ginnie Mae")

GNMA – guaranteed mortgage-backed bonds

GNMA – guaranteed pass-through obligations (participation certificates)

(not acceptable for certain cash-flow sensitive issues.)

U.S. Maritime Administration

Guaranteed Title XI financing

U.S. Department of Housing and Urban Development (HUD)

Project Notes

Local Agency Bonds

New Communities Debentures – U.S. Government guaranteed debentures

U.S. Public Housing Notes and Bonds – U.S. Government guaranteed public housing notes and bonds

3. 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 are only permitted if they have been stripped by the agency itself):

Federal Home Loan Bank System

Senior debt obligations

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")

Participation certificates

Senior debt obligations

Federal National Mortgage Association (FNMA or "Fannie Mae")

Mortgage-backed securities and senior debt obligations

Resolution Funding Corp. (REFCORP) obligations

Farm Credit System

Consolidated system-wide bonds and notes

Federal Agriculture Mortgage Association

Tennessee Valley Authority

4. 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 "AAAm-G," "AAA-m," or "AA-m" or if rated by Moody's rated "Aaa," "Aa1" or "Aa2," including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.

5. Certificates of deposit secured at all times by collateral described in 1 and/or 2 above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks including the Trustee and its affiliates. The collateral must be held by a third party and the Owners must have a perfected first security interest in the collateral; and unsecured certificates of deposit, time deposits, money market deposits, demand deposits and bankers' acceptances of any bank (including those of the Trustee, its parent and its affiliates) the short-term obligations of which are rated on the date of purchase in one of the two highest rating categories by S&P or Moody's.

6. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

7. Investment agreements, including GIC's, forward purchase agreements and reserve fund put agreements.

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

9. Bonds or notes issued by any state or municipality which are rated by Moody's or S&P in one of the two highest rating categories assigned by such agencies.

10. Money market deposits, 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 "A2" or better by Moody's or "A-1" or "A" or better by S&P.

11. Repurchase agreements for 30 days or less must follow the following criteria:

(i) Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date.

Repurchase agreements must satisfy the following criteria:

1. Repurchase Agreements must be between the municipal entity or Trustee and a dealer bank or securities firm
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and Moody's, or
 - b. Banks rated "A" or above by S&P and Moody's.
2. Each repurchase agreement contract must be in writing and must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FMAC)
 - b. The term of each repurchase agreement may be up to 30 days
 - c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - d. Valuation of Collateral
 - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
 - (2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repurchase agreement, plus accrued interest. If, however, the securities used as collateral are FNMA or FMAC, then the value of collateral must equal 105%.
3. Legal opinion which must be delivered to the municipal entity or Trustee to the effect that the repurchase agreement meets guidelines under state law for legal investment or public funds.

12. Asset-backed Securities: As authorized in Government Code Section 53601(n), investment in any equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable-backed bond with a maximum remaining final

maturity of five years. Purchases will be restricted to securities with an expected weighted average life not to exceed three years. Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized rating service.

13. **Mortgage-backed Securities:** As authorized in Government Code Section 53601(n), investment in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, with a maximum remaining final maturity of five years. Purchases will be restricted to securities with an expected weighted average life not to exceed three years. Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized rating service. Purchases of asset-backed and mortgage-backed securities may not exceed 20% of the Agency's portfolio in total.

14. **Medium-term Notes:** Corporate notes issued by corporations organized and operating within the United States with a rating of "A" or higher at the time of purchase by a nationally recognized rating service and with a maximum remaining maturity of no more than three (3) years after the date of purchase.

15. **The Local Agency Investment Fund** created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

16. **Shares in a California common law trust** established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of California, as it may be amended.

17. **The Fresno County Pooled Treasury Portfolio.**

"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 Agency pursuant to the Redevelopment Plan, and (c) the period of time for establishing, incurring or repaying indebtedness payable from Tax Revenues.

"Principal Office" means the corporate trust office of the Trustee set forth in Section 10.07, or such other or additional offices as may be designated by the Trustee.

"Prior Obligations" means the outstanding amount of Orange Cove Redevelopment Agency, Orange Cove Redevelopment Project 2004 Tax Allocation Bonds, Series A.

"Purchaser" means TPB Investments Inc., a wholly owned subsidiary of Western Alliance Bank, an Arizona corporation, as original purchaser of the Bonds, its successors and assigns, or any subsequent Owner or Owners of the Bonds.

"Recognized Obligation Payment Schedule" means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the Dissolution Act.

"Record Date" means the fifteenth day of the calendar month prior to an Interest Payment Date.

"Redemption Account" means the account of that name established by the Trustee pursuant to Section 3.03 hereof.

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

"Redevelopment Obligation Retirement Fund" means the fund by that name established pursuant to Section 34170.5 (b) of the Law and administered by the Agency.

"Redevelopment Plan" means the Redevelopment Plan for the Redevelopment Project designated as the "Orange Cove Redevelopment Project Area" approved by Ordinance No. 224, enacted by the City Council of the City of Orange Cove on December 23, 1981, together with any amendments thereof heretofore or hereafter duly enacted pursuant to the Law.

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

"Redevelopment Property Tax Trust Fund" means the fund by that name established pursuant to Section 34170.5 (a) of the Law and administered by the County auditor-controller.

"Serial Bonds" means Bonds for which no mandatory sinking account payments are provided.

"Series," when used with reference to the Bonds, means all of the Bonds authenticated and delivered on original issuance and identified pursuant to this Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to this Indenture.

"State" means the State of California.

"Tax Revenues" means the monies deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subsection (b) of Section 34170.5 of the Law and administered pursuant to subsections (c) and (d) of Section 34172(d), as provided in paragraph (2) of subdivision (a) of Section 34183 of the Law that are equal to that portion of taxes levied upon taxable property in the Redevelopment Project and received by the Agency on or after the date of issue of the Bonds, pursuant to subsection (b) of Section 16 of Article XVI of the Constitution of the State, less amounts payable by the Agency pursuant to the Pass-Through Agreements. In accordance with the Dissolution Act, the Bonds shall be payable from and secured by, and Tax Revenues shall include, moneys deposited, from time to time, in

the Redevelopment Property Tax Trust Fund, as provided in paragraph (2) of subdivision (a) of Health & Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution; excluding amounts which prior to the adoption of the Dissolution Act were required to be deposited into the Original Agency low and moderate income housing fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law.

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from mandatory sinking account payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

"Trustee" means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, and its successors and assigns.

"Written Request of the Agency" means an instrument in writing signed by an Authorized Officer or by any other officer of the Agency duly authorized to act for the Agency for that purpose.

Section 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners, this Indenture shall be deemed to be and shall constitute a contract by and among the Agency and the Owners to secure the full and final payment of the interest and principal and redemption premiums, if any, to be made by the Agency on the Bonds, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Agency shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Bonds over any other Bonds by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

Section 1.03. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words wherein," thereof," whereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

ARTICLE II

THE SERIES 2014 BONDS

Section 2.01. Authorization of Bonds. Bonds in the aggregate principal amount of \$4,449,966 may be issued at any time under and subject to the terms of this Indenture. The Bonds shall be designated "Successor Agency to the Orange Cove Redevelopment Agency Orange Cove Redevelopment Project Tax Allocation Refunding Bonds, Series 2014." All acts, conditions and things 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 Agency is duly authorized, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture, and to deliver the Bonds to the order of the original purchaser.

The Bonds shall be sold in a private sale, initially registered in the name of the Purchaser, issued without initial CUSIP numbers and will not be issued through the facilities of the Depository Trust Company.

Section 2.02. Denominations, Medium, Method and Place of Payment and Dating of Bonds. The Bonds shall be issued in the form of fully registered Bonds in Authorized Denominations, and will mature on February 1, 2032. The Bonds shall be dated as of the Closing Date. Interest on the Bonds shall be paid at the rate of 3.70% per annum, calculated on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before January 15, 2015, in which event it shall bear interest from the Closing Date; provided, however, if at the time of authentication interest is in default, the Bond shall bear interest from the Interest Payment Date to or for which interest has been paid or provided.

(b) The interest on and principal of, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The principal of, and redemption premiums, if any, on the Bonds are payable upon presentation and surrender of such Bonds at maturity or earlier redemption at the Principal Office of the Trustee; provided, however, that payment of a portion of the Bonds under mandatory sinking fund redemptions shall not require surrender of the Bonds in connection with such redemption. All such payments of interest on and principal of and redemption premiums, if any, on the Bonds shall be valid and effective to satisfy and discharge the liability on such Bonds to the extent of the sum or sums so paid. Interest on the Bonds shall be paid by wire transfer to an account within the United States specified by such owner on such Interest Payment Date to the persons whose names appear on the bond registration books of the Trustee as the registered owners of such Bonds on the Record Date (whether or not a Business Day) preceding each such Interest Payment Date.

Any interest not paid when due or duly provided for shall forthwith cease to be payable to the registered owner as of the Record Date immediately preceding the applicable Interest Payment Date and shall be paid to the person in whose name the Bond is registered as of

the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee. The Trustee shall give notice of such special record date to the Owner not less than ten (10) days prior thereto.

(c) If the Agency fails to make any of the payments required in Sections 2.02, the payment in default will continue as an obligation of the Agency until the amount in default has been fully paid, and the Agency agrees to pay the same with interest thereon, from the date of default to the date of payment, at the Default Rate.

(d) If the Agency either (i) receives notice, in any form, from the Internal Revenue Service, or (ii) reasonably determines, based on an opinion of independent tax counsel, that the Owners of the Bonds may not exclude the interest on the Bonds from federal gross income because the Agency breached a covenant contained in this Indenture, then the Agency shall pay to the Owners of the Bonds, within thirty (30) days after an Owner of the Bonds notifies the Agency of such determination, the amount which, with respect to interest payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest on the Bonds due through the date of such event) that are imposed as a result of the loss of the exclusion, will restore the Owners of the Bonds the same after tax yield on the Bonds (assuming tax at the highest marginal corporate tax rate) that it would have realized had the exclusion not been lost. Additionally, the Agency agrees that upon the occurrence of such an event, it shall pay interest to the Owners of the Bonds on each succeeding Interest Payment Date calculated at the Gross Up Rate.

Section 2.03. Form of Bonds. The Bonds, the form of Trustee's certificates of authentication and registration, and assignment to appear thereon, shall be substantially in the form set forth on Exhibit A hereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture. The Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the Agency, shall be without coupons and may contain such reference to any of the provisions hereof as may be appropriate.

Section 2.04. Execution of Bonds. The Bonds shall be executed on behalf of the Agency by the manual or facsimile signatures of its Chair (or its Executive Director) and its Secretary or Assistant Secretary who are in office on the date of adoption of this Indenture or at any time thereafter. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Agency although at the nominal date of such Bond any such person shall not have been such officer of the Agency.

Only such Bonds as shall bear thereon a certificate of authentication in the form hereinbefore recited, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bonds. (a) Any Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Trustee for such purpose, by the person in whose name it is registered in person or by his duly authorized attorney, upon surrender of such Bond for cancellation accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee duly executed.

Whenever any Bond or Bonds shall be surrendered for transfer the Agency shall execute and the Trustee shall deliver a new Bond or Bonds for like aggregate principal amount of authorized denominations and of the same series and maturity. The Trustee shall require the Owner requesting such registration of transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Trustee may also require the Owner requesting such registration of transfer to pay a reasonable sum as may be necessary to cover any customary expenses incurred and fees charged by the Trustee or the Agency with respect to such registration of transfer.

(b) No transfers of Bonds shall be required to be made (i) during the period fifteen days prior to the date established by the Trustee for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

(c) The following provisions shall apply to all sales and transfers of the Bonds after the initial sale and delivery of the Bonds:

(i) The Bonds, in the form attached hereto as Exhibit A, shall be physical certificated instruments, and shall not be held in a book-entry only system.

(ii) The Bonds shall only be sold and transferred in Authorized Denominations to (i) an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933, or (ii) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended.

(iii) The Purchaser shall not sell or transfer the Bonds, or any participation therein, without complying with all applicable securities laws.

(iv) No transfer or sale shall be made that would cause there to be more than 15 Registered Owners of the Bonds or the creation of any interest in the Bonds in an aggregate principal amount of less than \$100,000. In the event that an Owner is proposing to transfer its Bond which would cause the total number of Registered Owners to exceed 15, then the Trustee shall so notify the Owner and shall not be obligated to make such proposed transfers.

(v) No such sale or transfer will be effective unless and until the Purchaser has filed with the Agency, at least five (5) Business Days' prior to the effective date of such sale or transfer, written notice thereof and an executed copy of an investor's letter addressed to the Agency substantially in the form of the letter delivered by the Purchaser on the Closing Date.

Section 2.06. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee, for a like aggregate principal amount of Bonds of authorized

denominations and of the same series and maturity. The Trustee shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Trustee may also require the Owner requesting such exchange to pay a reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Trustee or the Agency with respect to such exchange.

No exchanges of Bonds shall be required to be made (i) during the period fifteen days prior to the date established by the Trustee for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

Section 2.07. Bond Register. The Trustee will keep or cause to be kept at its Principal Office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency during normal business hours upon reasonable notice; 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 said books Bonds as hereinbefore provided.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Agency upon the same conditions and in substantially the same manner as the definitive Bonds.

If the Agency issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation in exchange therefor at the Principal Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations and of the same Bond maturity or maturities. Until so exchanged the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated the Agency, at the expense of the Owner of said Bond, shall execute and the Trustee shall thereupon deliver a new Bond of like series, tenor and principal amount in exchange and substitution for the Bond so mutilated but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Agency and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Agency, at the expense of the Owner, shall execute and the Trustee shall thereupon authenticate and deliver a new Bond of like series, tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Agency 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 Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual

obligation on the part of the Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

Section 2.10. Cancellation of Bonds. All Bonds properly surrendered to the Trustee for payment upon maturity or for redemption shall upon payment therefor or redemption thereof be canceled immediately as more particularly provided in Section 10.06 hereof.

Section 2.11. Transfer of Ownership. The Purchaser, and any transferee, shall be required to represent in the investor letter required by Section 2.05(c)(v) that such purchaser is acquiring the Bonds for its own account for the purpose of investment and not with a present view to the distribution thereof and that such purchaser has no present intention of selling, negotiating, or otherwise disposing of the Bonds.

Section 2.12. Parity and Subordinate Debt. **Parity Debt.** In addition to the Bonds, the Agency may, by Supplemental Indenture, issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds in such principal amount as shall be determined by the Agency. The Agency may issue or incur any such other Parity Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Debt issued under this Section.

(a) The Agency shall be in compliance with all covenants set forth in this Indenture and all Supplemental Indentures;

(b) The Supplemental Indenture providing for the issuance of such Parity Debt under this Section 2.12 shall provide that interest thereon shall be payable on August 1 and February 1, and principal thereof shall be payable on February 1 in any year in which principal is payable;

(c) Money may be deposited in the Reserve Account from the proceeds of the sale of said Parity Debt (or from other available funds of the Agency) in an amount equal to the Reserve Requirement for such Parity Debt, and the Supplemental Indenture providing for the issuance of such Parity Debt may provide for the establishment of separate funds and accounts, including a separate Reserve Account;

(d) The aggregate amount of the principal of and interest on all Outstanding Bonds and Subordinate Debt coming due and payable following the issuance of such Parity Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limitations to be allocated and paid to the Agency following the issuance of such Parity Debt;

(e) The Tax Revenues estimated in the Report of an Independent Redevelopment Consultant to be received for the then current Fiscal Year shall be at least equal to one hundred fifty percent (150%) of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt;

(f) The Agency shall deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a), (b), (c), (d) and (e) of this Section 2.12 above have been satisfied; and

(g) The Agency shall deliver to the Purchaser (if the Purchaser then owns all Outstanding Bonds) a Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in this Section 2.12 have been satisfied.

Issuance of Subordinate Debt. In addition to the Bonds and any Parity Debt, from time to time the Agency may issue or incur additional Subordinate Debt in such principal amount as shall be determined by the Agency, provided that the issuance of such Subordinate Debt shall not cause the Agency to exceed any applicable Plan Limitations.

Section 2.13. Execution of Bonds; Delivery Conditions. The Agency shall deliver the Bonds only upon receiving a closing certificate from the Purchaser substantially in the form set forth as Exhibit B hereto, and written confirmation from the Purchaser that it has received copies of the following:

- (i) This Indenture.
- (ii) Closing certificate of the Agency.
- (iii) Certificate of the Agency as to no arbitrage.
- (iv) Closing opinion of counsel to the Agency.
- (v) Final Approving Legal Opinion of Bond Counsel, together with a reliance letter addressed to the Purchaser.
- (vi) A supplemental opinion of Bond Counsel, addressed to the Purchaser, to the effect that the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.
- (vii) Defeasance opinion of Bond Counsel, addressed to the Agency, the 2004 Trustee and the Purchaser.

ARTICLE III

PROCEEDS OF BONDS; PLEDGE OF REVENUES; CREATION OF FUNDS

Section 3.01. Delivery of Bonds; Payment of Debt Service. The Authorized Officers are hereby authorized to execute the Bonds and upon receipt of the proceeds of sale thereof the Trustee is authorized to authenticate and deliver the Bonds to the Purchaser.

Section 3.02. Depositing of Proceeds of Bonds and Other Amounts. The net proceeds received from the sale of the Bonds, being the amount of \$4,449,966.00 (principal amount of the Bonds), shall be paid to the Trustee who shall forthwith set aside, pay over and deposit such proceeds as follows:

- (1) Transfer to the Escrow Agent for deposit in the Escrow Fund the amount of \$4,332,015.33; and
- (2) Deposit the amount of \$117,950.67 in the Costs of Issuance Fund.

Section 3.03. Establishment and Maintenance of Redevelopment Fund. There is hereby established a separate fund known as the "Orange Cove Redevelopment Project Redevelopment Fund" (the "Redevelopment Fund"), which the Agency hereby covenants and agrees to cause to be maintained and which shall be held in trust by the Trustee. The moneys in the Redevelopment Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing the Redevelopment Project, including payment of any remaining unpaid Costs of Issuance. The Trustee shall from time to time pay moneys from the Redevelopment Fund pursuant to a Written Request of the Agency. The Agency has warranted that no funds on deposit in the Redevelopment Fund shall be applied for any purpose not authorized by the Law.

Pursuant to Section 33334.3 of the Law, the Agency has heretofore established the Low and Moderate Income Housing Fund. Within the Redevelopment Fund there is hereby established a separate account to be known as the "Housing Bond Proceeds Account," which shall be held and maintained by the Trustee and which shall be deemed to constitute a part of the Low and Moderate Income Housing Fund. Amounts on deposit in the Housing Bond Proceeds Account shall be derived solely from the proceeds of the Bonds deposited therein pursuant to this Section and from earnings on the investment and reinvestment of such proceeds. The Trustee shall disburse moneys from the Housing Bond Proceeds Account upon submission of a Written Request of the Agency solely for the purpose of paying the costs of low and moderate income housing projects which meet the requirements of Sections 33334.2 and 33334.3 of the Law. The Agency shall comply with all applicable provisions of the Law relating to the approval of such projects and the expenditure of the proceeds of the Bonds to finance such projects.

On the Closing Date, the Trustee, as 2004 Trustee, shall transfer (i) the amount of \$389,759.39 from the Redevelopment Fund established under the 2004 Indenture to the Redevelopment Fund, and (ii) the amount of \$332,630.73 from the Housing Bond Proceeds Account established under the 2004 Indenture to the Housing Bond Proceeds Account.

Upon receipt of written notice from the Agency, the Trustee shall transfer to the Redevelopment Obligation Retirement Fund all remaining moneys in the Redevelopment Fund or the amount specified by the Agency.

The Trustee shall have no duty or liability to monitor the application of any moneys disbursed hereunder. The Trustee shall be absolutely protected in making any disbursement from the Redevelopment Fund in reliance upon a requisition signed by an Authorized Officer of the Agency or a Certificate of the Agency. Each such requisition shall be sufficient evidence of the

Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Section 3.04. Establishment of Costs of Issuance Fund. There is hereby established a special fund to be known as the "Costs of Issuance Fund" (the "Costs of issuance Fund"), which shall be held by the Trustee. The moneys deposited in the Costs of Issuance Fund shall be applied by the Trustee to the payment of Costs of Issuance as directed by a Written Request of the Agency. Any moneys remaining in the Costs of Issuance Fund on December 1, 2014, shall be transferred to Agency for deposit in the Redevelopment Obligation Retirement Fund. Thereafter, the Costs of Issuance Fund shall be closed and all further responsibility for payment of Costs of Issuance shall belong solely to the Agency.

Section 3.05. Pledge of Tax Revenues. All the Tax Revenues in the Redevelopment Obligation Retirement Fund, and all of the moneys in the Interest Account, the Principal Account and the Redemption Fund, on a pro rata basis with the lien of any Parity Bonds, are hereby irrevocably pledged to the punctual payment of the interest on and principal of the Bonds, and the Tax Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding; subject to the provisions of this Indenture permitting application thereof for the purposes and on the terms and conditions set forth herein. This pledge shall constitute a first lien on the Tax Revenues and such other money for the payment of the Bonds in accordance with the terms thereof.

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

Section 3.06. Redevelopment Obligation Retirement Fund; Debt Service Fund; Deposit of Tax Revenues . Pursuant to Section 34170.5 (b) of the Law, there is established a special fund to be known as the "Redevelopment Obligation Retirement Fund" which is held by the Agency. The Agency shall promptly deposit all of the Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund. All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Redevelopment Obligation Retirement Fund to pay debt service on the Bonds during such Bond Year pursuant to the preceding sentence shall be released from the pledge and lien hereunder. So long as any Bonds remain Outstanding hereunder, the Agency shall not have any beneficial interest in or right to the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in this Indenture.

If the amounts on deposit in the Redevelopment Obligation Retirement Fund are at any time insufficient to enable the Agency to make transfers as required hereunder to pay the principal of and interest on all outstanding Bonds and Parity Debt in full when due, the Agency

shall make such transfers on a pro rata basis, without preference or priority among all outstanding Bonds and Parity Debt.

All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to pay the principal of and interest on all outstanding Bonds and Parity coming due and payable during such Bond Year, shall be released from the pledge and lien hereunder for the security of the Bonds and may be applied by the Agency for any lawful purposes of the 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 Prior Parity Obligations.

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. In addition to the transfers required to be made from the Redevelopment Obligation Retirement Fund for the payment of principal of and interest and premium (if any) on the Bonds, the Agency shall transfer amounts on deposit in the Redevelopment Obligation Retirement Fund to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are hereby established with the Trustee, in the following order of priority:

- (a) Interest Account. On or before the 5th Business Day preceding each date on which interest on the Bonds is due and payable, the Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on such 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. On or before the 5th Business Day preceding each date on which principal of the Bonds is due and payable, the Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on 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 maturity.
- (c) Redemption Account. On or before the 5th Business Day preceding any date on which Bonds are subject to optional redemption under Section 4.01, the Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Redemption Account an

amount required to pay the principal 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 on the Bonds upon the optional redemption thereof under Section 4.01 on the date set for such redemption.

Section 3.07. Held in Trust. The moneys and investments held by the Trustee under Article III are irrevocably held in trust for the benefit of the Owners, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Indenture, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Trustee or the Agency.

Section 3.08. Commingling of Moneys in Funds. The Trustee is directed by the Agency to commingle any of the funds held by it pursuant to this Indenture into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 3.09. Liability of Agency Limited. Notwithstanding anything contained herein, the Agency shall not be required to advance any moneys derived from any source of income other than Tax Revenues legally available therefor in the Redevelopment Obligation Retirement Fund and the other funds provided herein for the payment of the Bonds, or for the performance of any agreements or covenants contained herein required to be performed by it.

The obligation of the Agency to make the principal of and interest on the Bonds and the other amounts due hereunder is a special obligation of the Agency payable solely from the moneys legally available therefor hereunder, and does not constitute a debt of the Agency or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 3.10. Arbitrage Covenant. The Agency hereby covenants with the Owners of the Bonds that, notwithstanding any other provision of this Indenture, it will make no use of the proceeds of the Bonds which would cause the Bonds or the Prior Obligation to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Internal Revenue Code of 1986, as amended. The Trustee hereby covenants with the Owners of the Bonds that it will comply with the express provisions of this Indenture and will follow the written directions of the Agency and, notwithstanding anything to the contrary contained herein, so long as the Trustee shall have complied with the written instructions of the Agency, if any, with respect to making any rebate to the United States of America, the Trustee shall conclusively be deemed to have complied with its obligations hereunder and shall not be liable if the Bonds become arbitrage bonds.

ARTICLE IV

REDEMPTION

Section 4.01. Terms of Redemption.

(a) Optional Redemption of Bonds. The Bonds are subject to redemption prior to maturity, at the option of the Agency, in whole or in part among maturities on such basis as designated by the Agency and by lot within a maturity (each Bond being deemed to be composed of Authorized Denominations with each such portion being separately redeemable), from any available source of funds, on August 1, 2024, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

(b) Sinking Fund Redemption of Bonds. The Bonds shall be subject to mandatory sinking fund redemption in part, by lot, commencing on August 1, 2017, from mandatory sinking fund payments set aside in the Principal Account, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below; provided, however, that if some but not all of such Bonds have been redeemed pursuant to subsection (a) above the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Agency (notice of which determination shall be given by the Agency to the Trustee); and provided further, that so long as the Purchaser is the Owner of all Outstanding Bonds, that payment of a portion of the Bonds under mandatory sinking fund redemptions shall not require surrender of the Bonds in connection with such redemption:

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<u>Payment Dates</u>	<u>Amount</u>
August 1, 2017.	\$88,037
February 1, 2018	88,029
August 1, 2018	119,696
February 1, 2019	119,696
August 1, 2019	124,656
February 1, 2020	124,655
August 1, 2020	127,005
February 1, 2021	127,004
August 1, 2021	131,798
February 1, 2022	131,798
August 1, 2022	138,716
February 1, 2023	138,716
August 1, 2023	143,014
February 1, 2024	143,013
August 1, 2024	147,234
February 1, 2025	147,234
August 1, 2025	153,898
February 1, 2026	153,898
August 1, 2026	160,456
February 1, 2027	160,455
August 1, 2027	164,303
February 1, 2028	164,303
August 1, 2028	170,578
February 1, 2029	170,578
August 1, 2029	179,251
February 1, 2030	179,250
August 1, 2030	185,245
February 1, 2031	185,244
August 1, 2031	191,103
February 1, 2032 (Maturity)	191,103

Section 4.02. Selection of Bonds for Redemption. Except as otherwise provided herein, whenever provision is made in this Indenture for the redemption of less than all of the Bonds of any series or any given portion thereof, the Trustee shall select the Bonds to be redeemed from all Bonds subject to redemption or such given portion thereof equal to Authorized Denominations not previously called for redemption by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. The Trustee shall promptly notify the Agency in writing of the Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption; Rescission. Notice of redemption shall be given by the Trustee, for and on behalf of, and at the expense of, the Agency, not less than thirty (30) nor more than sixty (60) days prior to the redemption date by first class mail to each of the Owners designated for redemption at their addresses appearing on the Bond registration books of

the Trustee on the date such Bonds are selected for redemption. Each notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the place or places of redemption; (d) state the CUSIP numbers of the Bonds to be redeemed, the individual number of each Bond to be redeemed or that all Bonds between two stated numbers (both inclusive) or that all of the Bonds are to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (e) state that on the redemption date there will become due and payable on each Bond the redemption price thereof and that from and after such redemption date interest thereon shall cease to accrue; and (f) require that such Bonds be then surrendered, with a written instrument of transfer duly executed by the Owner thereof or by his attorney duly authorized in writing if payment is to be made to a Person other than the Owner.

The actual receipt of notice of such redemption by the Owner of any Bond shall not be a condition precedent to redemption, and failure to receive such notice or any defect therein shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the redemption date. A certificate by the Trustee that notice of call and redemption has been given to Owners of the Bonds as herein provided shall be conclusive as against all parties, and no Bondowner whose Bond, or portion thereof, is called for redemption may object to the cessation of interest on the redemption date fixed by any claim or showing that he failed to receive actual notice of call and redemption.

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

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new Bond or Bonds of Authorized Denominations, and of the same maturity and series and equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.05. Effect of Redemption. When notice of redemption has been given substantially as provided above and when the amount necessary for the redemption of the Bonds called for redemption (principal and premium, if any) is set aside for that purpose in the Redemption Fund, as provided in Section 3.06 hereof, and when interest accrued and to accrue to the redemption date has been set aside for that purpose in the Interest Account, the Bonds designated for redemption shall become due and payable on the redemption date thereof at the place specified in the notice of redemption. Such Bonds shall be redeemed and paid at said redemption price out of the Redemption Fund and no interest will accrue on such Bonds called for redemption from and after the redemption date specified in such notice. The Owners of said

Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the premium thereon, if any, only to the Redemption Fund.

All Bonds redeemed shall forthwith be canceled by the Trustee and shall not be reissued. All unpaid interest with respect to the Bonds payable at or prior to the redemption date shall continue to be payable to the respective Owners thereof, or their order, but without interest thereon.

Section 4.06. Open Market Purchase of Bonds. The Agency may at any time buy Bonds at public or private sale at a price which, inclusive of brokerage fees, will not exceed the par amount of the Bonds so purchased, plus any applicable premium and any Bonds so purchased shall be tendered to the Trustee for cancellation.

ARTICLE V

[RESERVED]

ARTICLE VI

COVENANTS OF THE AGENCY

Section 6.01. Compliance with Indenture. The Agency will not suffer or permit any material default by it to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by it.

Section 6.02. Observance of Laws and Regulations. The Agency will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 6.03. Accounting Records and Statements. The Agency will keep proper books of record and accounts, separate from all other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the Project. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Purchaser or of the Owners of not less than ten per cent (10%) of the aggregate principal amount of the Bonds then Outstanding or their representatives authorized in writing.

The Agency will prepare and file with the Purchaser annually as soon as practicable, but in any event not later than two hundred seventy (270) days after the close of each Fiscal Year, so long as any Bonds are Outstanding, an audited financial statement relating to the Tax Revenues and all other funds or accounts established pursuant to the Indenture for the

preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such fund during such Fiscal Year and the balances in each such fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Agency has complied with the provisions of this Indenture as it relates to such funds. The Agency will furnish a copy of such audited financial statement to any Owner upon written request.

Section 6.04. Further Assurances. Whenever and so often as requested to do so by any Owner, the Agency will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by this Indenture.

Section 6.05. Punctual Payment. The Agency will punctually pay the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds, but only from Tax Revenues, in strict conformity with the terms of the Bonds and of this Indenture and will faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and of this Indenture. The Agency will take all actions required under the Dissolution Act to include on the Recognized Obligation Payment Schedules for each six-month period all payments to the Agency to satisfy the requirements of the Indenture.

Section 6.06. Against Encumbrances. The Agency will not mortgage or otherwise encumber, pledge or place any charge upon any of the Tax Revenues, except as provided in the Indenture, and will not issue any obligation or security superior to or on a parity with the Bonds payable in whole or in part from the Tax Revenues (other than Parity Debt).

Section 6.07. Extension or Funding of Claims for Interest. In order to prevent any claims for interest after maturity, the Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Agency, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 6.08. Payment of Claims. Subject to the terms of the Dissolution Act, the Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds; provided that nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such claims.

Section 6.09. Protection of Security and Rights of Owners. The Agency will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Agency, such Bonds shall be incontestable by the Agency.

Section 6.10. Payment of Taxes and Other Charges. Subject to the provisions of Section 6.12 hereof, the Agency will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or any properties owned by the Agency in the Redevelopment Project, or upon the revenues therefrom, when the same shall become due; provided that nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges.

Section 6.11. Amendment of Redevelopment Plan. If the Agency proposes to amend the Redevelopment Plan, it shall cause to be filed with the Purchaser a Consultant's report on the effect of such proposed amendment. If the Consultant's report concludes that Tax Revenues will not be materially reduced by such proposed amendment, the Agency may adopt such amendment. If the Consultant's report concludes that Tax Revenues will be materially reduced by such proposed amendment, the Agency shall not adopt such proposed amendment. The Purchaser shall be entitled to rely upon any said report and shall have no duty to verify the information or statements set forth therein.

Section 6.12. Compliance with the Dissolution Act. The Agency covenants that in addition to complying with the requirements of the second sentence of Section 6.05 hereof, it will comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Agency with its covenants under the Indenture. Further, the Agency will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period plus the deposits required to the extent Tax Revenues are available from the Redevelopment Project, to fund the payments due on the Outstanding Bonds on February 1 of the then current Bond Year. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and the DOF, to the extent necessary, the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following six-month period.

Section 6.13. Tax Covenants. The Agency shall 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, the interest on the Bonds to become includable in gross income for

federal income tax purposes. To that end, the Agency hereby makes the following specific covenants:

(a) The Agency hereby covenants that it shall not make or permit any use of the proceeds of the Bonds that may cause the Series Bonds or the Prior Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(b) The Agency covenants that the proceeds of the Bonds will not be used as to cause the proceeds on the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(c) The Agency covenants not to take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 6.14. Annual Review of Tax Revenues. The Agency hereby covenants that it will annually review the total amount of Tax Revenues remaining available to be received by the Agency under the Redevelopment Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service. The Agency will not accept Tax Revenues greater than Annual Debt Service, in any year, if such acceptance will cause the amount remaining under the tax increment limit to fall below remaining cumulative Annual Debt Service, except for the purpose of depositing such revenues in escrow for the payment of interest on and principal of and redemption premiums, if any, on the Bonds.

Notwithstanding the foregoing, if legislation is adopted by the legislature of the State of California eliminating the effective limit on the amount of taxes which can be allocated to the Agency pursuant to the Law and the Redevelopment Plan, the deposit of Tax Revenues in escrow required by this Section 6.14 for the purpose of paying the payment of debt service on the Bonds and any additional bonds or obligations superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds shall no longer be required.

Section 6.15. Notices to Purchaser. The Agency shall provide notice to the Purchaser, in writing, within 10 days:

(i) notice of any event which constitutes or could reasonably be expected to have a Material Adverse Effect;

(ii) notice of any dissemination, distribution or provision thereof to any person, notice of any material event notice or other notice, report or statement disseminated, distributed or provided in satisfaction of or as may be required by the provisions of Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240 15c2-12), or any successor or similar legal requirement, including any notice, report or statement or any other filings made by the Agency with the Municipal Securities Rulemaking Board's Electronic Market Access System; and

(iii) the accounting records and statements required by Section 6.03 hereof.

ARTICLE VII

THE TRUSTEE; INVESTMENT OF MONEYS

Section 7.01. Trustee; Duties, Removal and Resignation. By executing and delivering the Indenture, the Trustee accepts the duties and obligations of the Trustee provided in the Indenture, but only upon the terms and conditions set forth in the Indenture.

The Agency, in its sole discretion, or the Owners of a majority in aggregate principal amount of all Bonds Outstanding may, by thirty (30) days prior written request, remove the Trustee initially a party hereto, and any successor thereto, and in such event, or in the event the Trustee resigns, the Agency shall appoint a successor Trustee, but any such successor shall be a bank, national banking association or trust company in good standing doing business and having an office in Los Angeles or San Francisco, California, having (or if such bank, national banking association or trust company is a member of a bank holding company system, its bank holding company shall have) a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

The Trustee may at any time resign by giving written notice to the Agency and by giving to the Bond Owners notice by mailing a notice of such resignation to their addresses appearing in the Bond Register. Upon receiving any such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event that the Agency does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may petition at the expense of the Agency an appropriate court having jurisdiction to appoint a successor Trustee or to resign. Subject to the prior sentence, any resignation or removal of the Trustee shall not become effective until written acceptance of appointment by the successor Trustee under the Indenture.

Any Trustee which shall resign or be removed pursuant to this Section shall be entitled to compensation in accordance with Section 7.02 and to reimbursement for all reasonable and proper expenses and advances incurred and not previously reimbursed for its activities in connection with the Indenture and for any indemnification due pursuant to the Indenture and not previously paid. Any Trustee which resigns or is removed, upon payment of its unpaid compensation and expenses hereunder, shall fully discharge all the right, title and interest of the retiring Trustee and amounts on deposit hereunder shall vest in said successor Trustee, and such retiring Trustee shall promptly pay over, assign and deliver to the successor Trustee any money

or other property on deposit pursuant hereto then held by such Trustee, and deliver any and all records, or copies thereof, in respect of the Trustee which it may have.

Section 7.02. Compensation of the Trustee. The Agency shall pay from time to time, upon receipt of a statement, to the Trustee reasonable compensation for the Trustee's services and shall reimburse the Trustee for all its reasonable advances and expenditures incurred by it in the exercise and performance of its powers and duties under the Indenture. The lien of the Trustee on amounts held by it under the Indenture for its services rendered under the Indenture shall be superior to the rights of the Bond Owners to receive scheduled payments of principal and interest with respect to their Bonds; provided that the Trustee shall have no lien on moneys in the Redemption Account.

The Agency shall hold harmless and indemnify the Trustee from and against all costs, claims, expenses and liabilities incurred by or asserted against the Trustee in the performance of its duties under this Indenture or any related document, including any such reasonable costs, claims, expenses (including legal fees and expenses) and liabilities incurred in the course of defending itself against any claims or actions or enforcing any remedies under this Indenture or any related document. Any such indemnity shall not extend to any costs, claims, expenses or liabilities adjudicated to have been caused by the negligence or willful misconduct of the Trustee. The indemnification of the Trustee under this Indenture shall extend to its directors, officers, employees and agents. The obligations of the Agency under this Section shall survive the payment of the Bonds and the discharge of this Indenture, and the resignation or removal of the Trustee.

Section 7.03. Protection to Trustee. The Agency shall indemnify, protect and hold the Trustee harmless and the Trustee shall incur no liability for acting upon any notice, resolution, consent, order, certificate, report, certificate or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee, in its discretion, may consult with counsel, who may be counsel to the Agency, with regard to legal questions, and the advice or opinion of such counsel, in the absence of negligence or willful misconduct on the part of the Trustee, shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith in accordance therewith.

Whenever in the administration of its duties under the Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by the certificate of an Authorized Officer of the Agency and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof (but shall not be obligated to), accept other evidence of such matter.

The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds issued pursuant to the Indenture, and may join in any action which any Owner may be entitled to

take with like effect as if the Trustee were not a party to the Indenture. The Trustee and its affiliates, either as sponsor, advisor, principal or agent, may also engage in or be interested in any financial or other transaction with the Agency, and may act as depository, trustee, or agent for any committee or body of Owners of Bonds or other obligations of the Agency as freely as if it were not Trustee under the Indenture.

The recitals, statements and representations contained in this Indenture or in the Bonds, save only the Trustee's authentication of the Bonds, shall be taken and construed as made by and on the part of the Agency, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof. The Trustee shall not be deemed to make any representations with respect to the security afforded by this Indenture.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture. The Trustee shall be fully reimbursed by the Agency for reasonable expenses incurred in connection with the performance of its obligations under the Indenture. Upon any default by, or misconduct of, any agent, attorney or receiver appointed by the Trustee, the Trustee shall fully pursue all remedies available to it against such attorney, agent or receiver, and the proceeds of the exercise of such remedies shall be used to reimburse the Agency for any loss it may have suffered as a result of the default or misconduct of such agent, attorney or receiver.

Before taking any remedial action hereunder the Trustee may require that a satisfactory indemnity bond or other indemnity satisfactory to the Trustee be furnished for the reimbursement of all reasonable expenses to which it may be put and to protect it against all liability which may be incurred in connection with the taking of such action, except liability which is adjudicated to have resulted from its negligence or willful misconduct; provided, however, the Trustee shall not seek such indemnity prior to making payments on the Bonds.

The Trustee, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use in the conduct of such person's own affairs.

The Trustee shall not be deemed to have knowledge of an Event of Default (except in connection with a failure of the Agency to make Debt Service Payments when due) until a Responsible Officer has actual knowledge thereof, or until notified in writing of such Event of Default.

The Trustee shall have no responsibility 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.

No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

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

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds outstanding relating to the exercise of any right, power or remedy available to the Trustee.

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

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

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.

The Trustee shall not be concerned with 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.

The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers and employees of the Trustee.

Section 7.04. Payment Limited. All payments to be made by the Trustee under and pursuant to this Indenture shall be made only from the corpus, income and proceeds of the amounts on deposit pursuant hereto and only to the extent that the Trustee shall have received sufficient contribution, income and proceeds in accordance with the terms of this Indenture.

Section 7.05. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 7.01 hereof, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.06. Funds and Accounts. The Trustee may establish such funds and accounts as it reasonably deems necessary or appropriate to perform its obligations hereunder.

Section 7.07. Deposit and Investment of Moneys in Fund. Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redevelopment Fund and the Redemption Fund shall be invested by the Trustee and Agency, as applicable, in Permitted Investments as specified by the Treasurer of the Agency, and shall be provided in writing by the Agency with the Trustee; provided, that investments shall mature or otherwise be available at the times and in the amounts required. In the absence of any such direction provided by the Treasurer of the Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (4) of the definition thereof which by their terms mature prior to the date on which such moneys are required to be paid out hereunder.

Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. Whenever in this Indenture any moneys are required to be transferred by the Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder (other than with respect to funds held by the Agency) shall be retained in the respective funds and accounts to be used for the purposes thereof.

In computing the amount in any fund or account, Permitted Investments shall be valued at market value, exclusive of accrued interest. The Trustee shall perform such valuation at the end of each month. In making any valuations of Permitted Investments, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting systems and conclusively rely thereon.

For purposes of acquiring any investments hereunder, the Trustee may in its discretion commingle funds held by it hereunder. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment, and shall be entitled to its customary fee. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 7.07. For purposes of determining the amount on deposit in any fund or account held hereunder, all Permitted Investments credited to such fund or account shall be valued by the Trustee, as set forth in the definition of Permitted Investments.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Agency periodic cash 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 7.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which accurate entries shall be made of all transactions of the Trustee relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee pursuant to this Indenture. Such books of record and account shall be available for inspection by the Agency at reasonable hours, upon reasonable notice and under reasonable circumstances. The Trustee shall furnish to the Agency, at least monthly, an accounting of all transactions relating to the proceeds of the Bonds and all funds and accounts established pursuant to this Indenture, which may be in the form of the Trustee's regular monthly statement.

Section 7.09. Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular, in case of the enforcement thereof or default thereunder, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise or it finds it impracticable to exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Agency appoint an additional individual or institution as a separate or co-Trustee. The following provisions of this Section 7.09 are adapted to these ends.

In the event that the Agency appoints an additional individual or institution as a separate or co-Trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest, duty, obligation and lien expressed or intended by this Indenture to be exercised by, or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-Trustee shall run to and be enforceable by either of them.

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

In addition to the appointment of a co-Trustee hereunder, the Trustee may, at the expense and with the prior written consent of the Agency, appoint any agent of the Trustee in New York, New York or Los Angeles or San Francisco, California for the purpose of administering the transfers or exchanges of Bonds or for the performance of any other responsibilities of the Trustee hereunder.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THE SUBORDINATE INDENTURE

Section 8.01. Amendments Permitted. This Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may be modified or amended by the Agency at any time by the execution of a Supplemental Indenture and pursuant to (i) the affirmative vote at a meeting of Bondowners as provided in Section 8.02 hereof, or (ii) with the written consent, without a meeting, of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04 hereof. Any such Supplemental Indenture shall become effective upon the execution and delivery thereof by the parties thereto and of the requisite number of Bondowners pursuant to Section 8.02 hereof, as applicable. No such modification or amendment shall (1) extend the Principal Payment Date of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the 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 such Bond, (2) permit the creation by the 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 (except as expressly permitted by this Indenture), (3) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or (4) modify any of the rights or obligations of the Trustee without its written consent thereto. Notwithstanding the provisions of this Section, the Agency, with the consent of the affected Owner of a Bond or Parity Bond but without notice to or the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding as provided in (ii) or (iii) above, may modify or amend this Indenture for any purpose affecting the Bonds or Parity Bonds owned by such Owner, which modification or amendment may, without limitation, reduce the principal amount of any such Bond or Parity Bond, reduce the interest rate payable on it, extend its maturity or the times for paying interest, change the monetary medium in which principal and interest is payable, or create a mortgage, pledge or lien upon the Tax Revenues superior to the pledge and lien created for the Bonds and

any Parity Bonds, only with respect to the Bonds or Parity Bonds owned by such consenting Owner.

This Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for any one or more of the following purposes:

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

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or otherwise to modify or amend any other provision of this Indenture as the Agency may deem necessary or desirable, provided in any case that such amendment shall not materially adversely affect the interests of the Owners of the Bonds;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of Section 2.12 hereof;

(d) to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148 of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 8.02. Bondowners' Meetings. The Agency may at any time call a meeting of the Bondowners. In such event the Agency is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03. Procedure for Amendment with Written Consent of Bondowners. The Agency may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture or any Supplemental Indenture, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Bondowners for their consent thereto, shall be mailed by the Agency to each registered Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and

a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed. Any revocation received by the Trustee after such notice has been mailed shall be of no force or effect.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Agency shall mail a notice to the Bondowners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee a record consisting of the papers required by this Section to be filed with the Trustee shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the Agency and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 8.04. Disqualified Bonds. Bonds owned or held for the account of the Agency or the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII.

Section 8.05. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VIII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Indenture of the Agency and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

The Agency or the Trustee may adopt appropriate regulations to require each Bondowner before his consent provided for in this Article VIII shall be deemed effective to reveal if the Bonds as to which such consent is given are disqualified as provided in Section 8.04.

Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments. The Agency may determine that Bonds issued and delivered after the effective date of any action

taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the Agency, as to such action. In that case, upon demand of the owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Trustee or at such other office as the Agency may select and designate for that purpose, a suitable notation shall be made on such Bond. The Agency may determine that new Bonds, so modified as in the opinion of the Agency is necessary to conform to such Bondowners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Trustee, without cost to any Bondowner, for Bonds then outstanding, upon surrender of such Bonds.

Section 8.07. Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Bondowner from accepting any amendment as to the particular Bonds held by him provided that due notation thereof is made on such Bonds.

Section 8.08. Opinion of Counsel. Prior to the execution by the Trustee of any amendment hereto, the Trustee shall be furnished with an opinion of counsel stating that the provisions of this Article have been complied with.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 9.01. Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

(a) if default shall be made in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise, and such default shall continue for a period of five (5) Business Days after the Interest Payment Date;

(b) if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following the receipt by the Agency of written notice from the Trustee or any Bondowner of the occurrence of such default;

(c) Any financial statement or certificate furnished to the Purchaser in connection with the purchase of the Bonds, or any representation or warranty made by the Agency shall prove to be incorrect, false or misleading in any material respect when furnished or made;

(d) the Agency shall file a petition seeking arrangement or reorganization under federal bankruptcy laws or any other applicable law of the

United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with the consent of the Agency seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property; or

(e) there shall occur any Event of Default under any Parity Bond Indenture.

If an Event of Default has occurred under this Section 9.01 and is continuing, the Trustee may, and if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, 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 shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of Section 9.06 hereof, exercise any other remedies available to the Trustee and the Bondowners in law or at equity.

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be immediately become due and payable. With respect to any Event of Default described in clauses (a), (c) or (d) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners of the Bonds in the same manner as provided herein for notices of redemption of the Bonds.

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

Section 9.02. Application of Funds. Upon an Event of Default, all of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the

following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee and, thereafter, of the Bondowners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel; and

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

Section 9.03. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 9.04. Limitation on Bondowners' Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity acceptable to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this

Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided or to institute suit for the enforcement of any such payment, 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 9.05. Non-waiver. Nothing in this Article IX or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

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

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

Section 9.06. Actions by Trustee as Attorney in Fact. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds 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 of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact; provided, however, the Trustee shall have no obligation to exercise any rights or remedies hereunder unless it has been indemnified to its satisfaction by the Owners from any liability or expense, including attorneys' fees. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit,

action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 9.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Owners of Bonds is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the law or any other law.

ARTICLE X

MISCELLANEOUS

Section 10.01. Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Agency, the Trustee and the Owners of the Bonds, 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 Agency shall be for the sole and exclusive benefit of the Owners of the Bonds and the Trustee.

Section 10.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Parity Bond Indenture either the 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 Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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

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

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

(3) by irrevocably depositing with the Trustee, in trust, non-callable Federal Securities in such amount as an Independent Financial Consultant shall certify to the Trustee, based upon a certificate of an Independent Certified Public Accountant, will together with the interest to accrue thereon and moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates; and if such Bonds are to be redeemed prior to the maturity thereof notice of such

redemption shall have been given as in this Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Agency under this Indenture with respect to all Bonds Outstanding shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, and thereafter Tax Revenues shall not be payable to the Trustee. Notice of such election shall be filed with the Trustee.

If, subject to above conditions, the Agency shall pay or cause to be paid or make provision for the payment to the owners of less than all of the Outstanding Bonds the principal of and premium, if any, and interest on such Bonds which is and shall thereafter become due and payable upon such Bonds in accordance with the provisions of clauses (1), (2) and (3) above, such Bonds, or portions thereof, shall cease to be entitled to any lien, benefit or security under this Indenture

Any funds thereafter held by the Trustee which are not required for said purpose or for any remaining fees or expenses of the Trustee shall be paid over to the Agency.

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

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

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Agency or the Trustee in good faith and in accordance therewith.

Section 10.05. Waiver of Personal Liability. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 10.06. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Agency of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee may, if permitted by law, destroy such canceled Bonds and provide to the Agency a certificate of destruction duly executed by the Trustee and the Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to; provided, however, if the Agency requests the destruction of such Bonds, the Agency agrees to reimburse the Trustee for the Trustee's costs incurred in connection with the microfilming or other required permanent recording, if any, related thereto.

Section 10.07. Notices and Demands on Agency. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee to or on the Agency may be given or served by being deposited postage pre-paid in a post office letter box addressed (until another address is filed by the Agency with the Trustee) or via electronic transmission, which includes fax machine, email with an imaged or scanned attachment (such as a .pdf) or other similar electronic transmission, (receipt confirmed) as follows:

If to the Agency: Successor Agency to the Orange Cove Redevelopment Agency
633 Sixth Street
Orange Cove, CA 93646
Attention: Finance Director

If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
FAX: (415) 677-3768
Attention: Global Corporate Trust Services

If to the Purchaser: TPB Investments, Inc.
c/o Western Alliance Bank
One East Washington Street, Suite 1400
Phoenix, AZ 85004

All notices, requests and demands which the Agency or the Trustee is required to give to the Purchaser under any provision of this Indenture must be in writing delivered to the address set forth above, or to such other address as the Purchaser may designate by written notice to the Trustee and the Agency. Each such notice, request and demand shall be deemed given or made as follows: (a) if sent by hand delivery, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (c) if sent by telecopy, upon receipt.

Section 10.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal or unenforceable such holding shall not affect the validity of the remaining portions of this Indenture. The Agency hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the

fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer of the Agency in trust for the benefit of the Bondowners. The Agency covenants for the direct benefit of the Bondowners that its Treasurer in such case shall be vested with all of the rights and powers of the Trustee hereunder and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder in trust for the benefit of the Bonds.

Section 10.10. Effective Date of Indenture. This Indenture shall take effect from and after the date of its execution.

Section 10.11. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

Section 10.12. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, but subject to applicable escheat laws, any money held by the Trustee for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be delivered to the Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondowners shall look only to the Agency for the payment of the interest and premium (if any) on and principal of such Bonds.

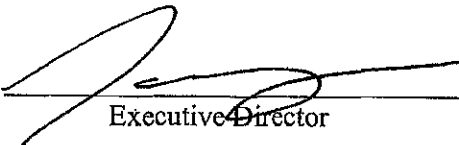
Section 10.13. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.14. Payments Due on Days that are not Business Days. In any case where the date fixed for payment of principal or interest on the Bonds or the date fixed for redemption of Bonds shall not be a Business Day, then payment of such principal or interest or redemption price shall be made on the next succeeding Business Day, with the same force and effect as if made on such non-Business Day and no interest shall accrue on such amounts from and after such non-Business Day.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Agency has caused this Indenture to be executed in its name and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name all as of the day and year above written.

**SUCCESSOR AGENCY TO THE ORANGE COVE
REDEVELOPMENT AGENCY**

By:  _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

IN WITNESS WHEREOF, the Agency has caused this Indenture to be executed in its name and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name all as of the day and year above written.

**SUCCESSOR AGENCY TO THE ORANGE COVE
REDEVELOPMENT AGENCY**

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:  _____
Authorized Signatory

EXHIBIT A

(FORM OF [BOND])

NO. ____

\$4,449,966

THE REGISTERED OWNER OF THIS BOND ACKNOWLEDGES AND AGREES THAT THIS BOND MAY ONLY BE TRANSFERRED TO ONE OR MORE ACCREDITED INVESTORS OR QUALIFIED INSTITUTIONAL BUYERS UPON SATISFACTION OF THE REQUIREMENTS IN THE INDENTURE, AND SUBJECT TO THE LIMITATION IN THE INDENTURE THAT THE TRANSFER OF THE BOND SHALL NOT CAUSE THE NUMBER OF REGISTERED OWNERS OF THE BONDS TO EXCEED 15. ANY TRANSFER OF THIS BOND IN VIOLATION OF THE TRANSFER RESTRICTIONS CONTAINED IN THE INDENTURE SHALL BE VOID AND OF NO EFFECT.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY
ORANGE COVE REDEVELOPMENT PROJECT
TAX ALLOCATION REFUNDING BONDS
SERIES 2014

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

THE SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received hereby promises to pay to the Registered Owner stated above or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Amount stated above in lawful money of the United States of America and to pay interest thereon at the Interest Rate stated above in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless (i) this Bond is authenticated after a Record Date (as defined in the Indenture) and on or before the following Interest Payment Date in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or prior to January 15, 2015, in which event it shall bear interest from the Dated Date stated above) ; provided, however, that if on the date of authentication of this Bond, interest is then in default on this Bond, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment. Interest is payable

semiannually on each August 1 and February 1, commencing February 1, 2015 (each an "Interest Payment Date"), calculated on the basis of a 360-day year composed of twelve 30-day months until payment of the Principal Amount hereof (whether on the Maturity Date or earlier redemption hereof).

If the Agency fails to make any of the payments of scheduled principal or interest, the payment in default will continue as an obligation of the Agency until the amount in default has been fully paid, and the Agency agrees to pay the same with interest thereon, from the date of default to the date of payment, at the Default Rate. If the Agency either (i) receives notice, in any form, from the Internal Revenue Service, or (ii) reasonably determines, based on an opinion of independent tax counsel, that the Owners of the Bonds may not exclude the interest on the Bonds from federal gross income because the Agency breached a covenant contained in the Indenture, then the Agency shall pay to the Owners of the Bonds, within thirty (30) days after an Owner of the Bonds notifies the Agency of such determination, the amount which, with respect to interest payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest on the Bonds due through the date of such event) that are imposed as a result of the loss of the exclusion, will restore the Owners of the Bonds the same after tax yield on the Bonds (assuming tax at the highest marginal corporate tax rate) that it would have realized had the exclusion not been lost. Additionally, upon the occurrence of such an event, the Agency shall pay interest to the Owners of the Bonds on each succeeding Interest Payment Date calculated at the Gross Up Rate.

The Principal Amount hereof and premium, if any, upon earlier redemption hereof are payable upon presentment and surrender (or the filing of a certificate of destruction of the Bonds by the Registered Owner) at the Principal Office of U.S. Bank National Association, the Trustee under the Indenture (as hereinafter defined) (the "Trustee"), in San Francisco, California; provided, however, that payment of a portion of the Bonds under mandatory sinking fund redemptions shall not require surrender of the Bonds in connection with such redemption. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail to the Registered Owner hereof at the Registered Owner's address as it appears on the Bond registration books maintained by the Trustee at the close of business on the Record Date, or by wire transfer to an owner of \$1,000,000 or more in aggregate principal amount of Bonds at such wire transfer address in the continental United States as such owner shall specify in a written notice requesting payment by wire transfer delivered to the Trustee not later than the Record Date for such payment.

This Bond is one of a duly authorized issue of Bonds of the Agency designated as "Successor Agency to the Orange Cove Redevelopment Agency Orange Cove Redevelopment Project Tax Allocation Refunding Bonds, Series 2014" (the "Bonds"), in an aggregate principal amount of Four Million Four Hundred Forty-Nine Thousand Nine Hundred and Sixty-Six Dollars (\$4,449,966), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates, or redemption and other provisions). The Bonds are issued pursuant to the provisions of the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended), Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended (the "Law"), and Article and 11, Division 2, Title 5.

(commencing with Section 53580) of the California Government Code, as amended (the "Refunding Law"), and pursuant to an Indenture of Trust, dated as of September 1, 2014, entered into between the Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Agency) and all Indentures supplemental thereto and to the 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 pledged as security for the Bonds, as that term is defined in the Indenture, and other amounts pledged under 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 Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Agency (i) to finance and refinance certain improvements in the Orange Cove Redevelopment Project (the "Project Area"); and (ii) to pay costs related to the issuance of the Bonds.

The Bonds are special obligations of the Agency, and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured equally and on a parity, by a charge and lien on the Tax Revenues derived by the Agency from the Redevelopment Project and other amounts pledged under the Indenture. There has been created and will be maintained by the Agency a Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Agency shall thereafter pay to the Trustee the principal of, any redemption premium and the interest on the Bonds when due. Subject to the foregoing, as and to the extent set forth in the Indenture, all such Tax Revenues are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture and the Law, for the security and payment of principal or redemption price of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds. Notwithstanding the foregoing, in accordance with the Indenture, 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 Orange Cove, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Agency, as set forth in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

[REDEMPTION PROVISIONS TO COME]

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

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

The Bonds are being issued as fully registered bonds without coupons in Authorized Denominations (as defined in the Indenture). Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing at said offices of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations for the same aggregate principal amount and of the same maturity, will be issued to the transferee in exchange therefor. The Trustee shall not be required to register the transfer or exchange of Bonds (i) between the date which is fifteen days before selection of Bonds for redemption and the date of mailing notice of redemption, and (ii) as to any Bond selected for redemption.

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

The rights and obligations of the 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 redemption or maturity of the principal of any outstanding Bond, or of any installment of interest thereon, or a reduction in the principal amount or the redemption price thereof, or in the rate of interest thereon, without the consent of the owner of such Bond, or shall reduce the percentages the consent of the owners of which is required to effect any such modification or amendment.

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

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

IN WITNESS WHEREOF, the Successor Agency to the Orange Cove Redevelopment Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and its seal to be reproduced hereon and attested by the facsimile signature of its Secretary, all as of the Dated Date set forth above.

**SUCCESSOR AGENCY TO THE ORANGE COVE
REDEVELOPMENT AGENCY**

By: _____
Executive Director

(S E A L)

Attest:

By: _____
Secretary

FORM OF CERTIFICATE OF AUTHENTICATION

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

Authentication Date:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned does hereby sell, assign and transfer unto _____ the within Bonds and does) hereby irrevocably constitute and appoint _____ attorney to transfer such Bond on the register of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature: _____

Note: The signature(s) to 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.

Signature Guaranteed by: _____

Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

EXHIBIT B

FORM OF PURCHASER CLOSING CERTIFICATE

\$4,449,966

**SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY
ORANGE COVE REDEVELOPMENT PROJECT
TAX ALLOCATION REFUNDING BONDS
SERIES 2014**

I, the undersigned, hereby certify that I am an authorized representative of TPB Investments Inc., a wholly owned subsidiary of Western Alliance Bank, an Arizona corporation (the "Bond Purchaser"), and that, as such, I am authorized to execute this certificate on its behalf in connection with the issuance by the Successor Agency to the Orange Cove Redevelopment Agency (the "Agency") of the above-referenced bonds (the "Bonds") in the aggregate principal amount of \$4,449,966, which are secured primarily by a pledge of certain Tax Revenues under an Indenture of Trust, dated as of September 1, 2014 (the "Indenture"), entered into between the Agency and U.S. Bank National Association (the "Trustee"). Capitalized terms used herein but not defined have the meaning given them in the Indenture.

I hereby further certify on behalf of the Bond Purchaser that:

(A) The Bond Purchaser hereby acknowledges receipt of the Bonds dated as of the date hereof.

(B) The conditions to issuance of the Bonds established by the Bond Purchaser have either been satisfied to the Bond Purchaser's satisfaction or are hereby waived by the Bond Purchaser.

(C) The Bond Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and has the full legal right, power and authority to purchase the Bonds.

(D) The Bond Purchaser is:

(i) an "accredited investor" as such term is defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended (the "Securities Act");

(ii) a "qualified institutional buyer" as such term is defined in Rule 144A promulgated under the Securities Act; or

(iii) a bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any qualified institutional buyer or on its own behalf).

(E) The Bond Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other obligations similar to the Bonds, to be capable of evaluating the merits and risks of an acquisition of in the Bonds, and the Bond Purchaser is able to bear the economic risks of such an acquisition.

(F) The Bond Purchaser is entering in to the transaction represented by the Bonds for its own account and not with a view to, and with no present intention of, selling, pledging, transferring, conveying, hypothecating, mortgaging, disposing, reoffering, distributing, or reselling the Bonds, or any part or interest thereof; the Bond Purchaser understands that the Agency has no legal obligation to register the Bonds for sale, resale or any other transfer under the Securities Act. The Bond Purchaser paid the price of par for the Bonds.

(G) The Bond Purchaser recognizes that the Bonds involve significant risks, there is no established market for the Bonds and that none is likely to develop and, accordingly, the Bond Purchaser must bear the economic risk of in the acquisition of the Bonds for an indefinite period of time.

(H) The Bond Purchaser understands and agrees that the Bonds will be subject to transfer restrictions as set forth in the Indenture.

(I) The Bond Purchaser has (i) conducted its own independent inquiry, examination and analysis with respect to the Bonds, (ii) had an opportunity to ask questions of and receive answers from the Agency regarding the Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing, (iii) been provided by the Agency with all documents and information regarding the Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing that it has requested, (iv) been provided with information sufficient to allow the Bond Purchaser to make an informed decision to purchase the Bonds, and (v) been responsible for consulting with its advisors concerning any obligations, including, but not limited to, any obligations pursuant to federal and state securities and income tax laws, it may have with respect to subsequent assignees of the Bonds if and when any such future disposition of the Bonds may occur.

(J) The Bond Purchaser (i) is not relying upon the Agency, or any of its affiliates, officers, employees or agents, for advice as to the merits and risks of investment in the Bonds, and (ii) has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.

(K) The Bond Purchaser understands and acknowledges that (i) the offering of the Bonds is not intended to be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") and (ii) in connection with its purchase of the Bonds, the Agency has not prepared or caused to be prepared, and is not delivering, a deemed final official statement with respect to the Bonds and has not undertaken to provide to or for the benefit of holders of the Bonds

financial or operating data or any other information with respect to the Agency or the Bonds on an ongoing basis.

(L) The Bond Purchaser understands that the Bonds (a) are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state due to exemptions from registration provided for therein, (b) will not be listed on any stock or other securities exchange, and (c) may not be readily marketable.

(M) The Bond Purchaser acknowledges that Nossaman LLP ("Bond Counsel") is acting as bond counsel to the Agency, that Bond Counsel has no attorney-client relationship with the Bond Purchaser, and that the Bond Purchaser has sought legal advice from its own counsel to the extent it concluded legal advice was necessary.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date set forth above.

TPB INVESTMENTS INC., a wholly owned
subsidiary of Western Alliance Bank, an Arizona
corporation

By: _____
Title: _____



REPORT TO SUCCESSOR AGENCY

January 23, 2019

To: Mayor and Council

From: Rudy Hernandez, Interim City Manager

SUBJECT: Recognized Obligation Payment Schedule 19-20 for the July 1, 2019 through June 30, 2020 period and Administrative Budget for Fiscal Year 2019-20

BACKGROUND:

A Recognized Obligation Payment Schedule ("ROPS") covering the period of July 1, 2019 through June 30, 2020 is due by February 1, 2019 pursuant to Health and Safety Code ("HSC") Section 34177(o). The ROPS requests necessary payments for each enforceable obligation of the former Orange Cove Redevelopment Agency for Fiscal Year ("FY") 2019-20.

Orange Cove Successor Agency ("Successor Agency") staff has prepared a ROPS 19-20 for the Successor Agency Board's consideration, which is attached to this staff report. The Fresno Countywide Oversight Board ("Oversight Board") will also review the ROPS 19-20 at its meeting on January 24, 2019. Once approved, staff will transmit it electronically to the Department of Finance ("DOF"), State Controller, and Fresno County Auditor-Controller ("CAC") for their review. The adopted ROPS must be transmitted by February 1, 2019; if it is not transmitted on time, the Successor Agency will be subject to a penalty of \$10,000 per day. With DOF approval, the Auditor-Controller will be authorized to disperse property tax revenue to pay ROPS obligations on June 1, 2019 and January 2, 2020.

It is important to remember that the ROPS is merely a projection of estimated payments for the ensuing twelve-month fiscal period. The actual payments made could be the same or less.

ROPS 19-20 Obligations

The following summarizes the Successor Agency's obligations listed on the ROPS 19-20:

- Item 10 – Successor Agency Administration & Operations - The Successor Agency is requesting \$199,956 for its FY 2019-20 administrative expenses, which is the maximum permitted by law. An Administrative Budget that details proposed expenses has been prepared and is discussed later in this staff report.
- Item 13 – Community Center Improvements – The Successor Agency has approximately \$57,090 in remaining bond proceeds to fund improvements like the Orange Cove Community Center pursuant to a Bond Proceed Expenditure Plan approved by DOF in 2014 and on subsequent ROPS (“2014 Plan”). These will be funded under ROPS Item 13 unless ROPS Item 21, a new 2019 Bond Expenditure Agreement is approved by the Oversight Board and DOF to transfer bond proceeds from the Successor Agency to the City to spend in accordance with the bond covenants. The 2019 Bond Expenditure Agreement is presented under a separate staff report.
- Item 15 – Housing Rehabilitation Grants - The Successor Agency has approximately \$335,098 in tax-exempt housing bond proceeds to provide grants/forgivable loans to homeowners to make exterior improvements to their homes pursuant to the 2014 Plan. These will be funded under ROPS Item 15 unless ROPS Item 21, a new 2019 Bond Expenditure Agreement is approved by the Oversight Board and DOF as mentioned above.
- Item 16 – 2014 Tax Allocation Refunding Bonds, Series 2014 – The Successor Agency is requesting \$396,282 in RPTTF to fund the repayment of the Series 2014 Tax Allocation Refunding Bonds (“Bonds”). The 2014 Bonds refinanced bonds issued by the former Redevelopment Agency in 2004. The 2014 Bonds are the Successor Agency's largest obligation and are projected to be fully repaid by fiscal year 2031-32.
- Item 17 – Trustee Administration Fee - \$1,100 is requested to pay an administrative fee charged by the fiscal agent on the 2014 Bonds pursuant to an enforceable contract.
- Item 18 – Continuing Disclosure - \$4,000 is requested to pay Albert Peché to prepare and submit legally mandated reports on the 2014 Bonds pursuant to an enforceable contract.
- Item 21 – 2019 Bond Expenditure Agreement – The Successor Agency requests up to \$450,000 in remaining non-housing and housing bond proceeds to be transferred to the City of Orange Cove to spend in accordance with the bond covenants. The requested transfer amount exceeds the current amount or proceeds available to account for interest accrued between the time this report was

prepared and the agreement is executed. The City plans on spending bond proceeds on eligible public improvements and housing rehabilitation grants to low income homeowners. The 2019 Bond Expenditure Agreement is discussed in greater detail in a separate staff report.

Cash Balances

The Report of Cash Balances in the current ROPS represents the Successor Agency's estimate of the true cash balance as of June 30, 2017. It shows the inflow and outflow of funds held by the Successor Agency. Funds are being spent in a timely manner and consistent with the approvals of the Oversight Board and DOF. The Cash Balances page helps the Successor Agency to identify other funds available to spend on enforceable obligations, detailed as follows:

- \$15,812 in reserves were received prior to Fiscal Year 2016-17, \$15,809 of which were spent on that year's fiscal expenditures.
- \$722,389 in Bond Proceeds were authorized to be spent by the Successor Agency, of that amount only \$333,125 were spent that in FY 2016-17 on Community Center Improvements and Park Improvements.
- The Successor Agency earned \$36 in Fiscal Year 2016-17 from Other Fund revenues and \$1,140 from Bond Proceeds.
- The Successor Agency expects DOF to re-allocate \$30,002 in property tax revenues received, but not spent, for obligations in fiscal year 2016-17 for expenditures in Fiscal Year 2019-20.

ROPS 16-17 Prior Period Adjustment

As required by HSC section 34186 (c), the Successor Agency prepared a reconciliation between approved and actual payments on enforceable obligations from the ROPS covering Fiscal Year 2016-17 and submitted this reconciliation to the CAC prior to October 1, 2018. The difference between approved and actual payments totaled \$30,002. The CAC is reviewing the Prior Period Adjustment and will submit its determination to DOF by February 2, 2019. DOF will reduce the ROPS 19-20 RPTTF allocation by the amount determined by the CAC.

Administrative Cost Allowance

The maximum administrative cost allowance a successor agency can receive is 50 percent of the RPTTF distributed in the prior fiscal year for non-administrative obligations. The ROPS 18-19 had \$399,912 in non-administrative obligations funded by RPTTF. The ROPS 19-20 requests an administrative allowance that is 50 percent of this amount, or \$199,956.

An administrative budget has been prepared for FY 2019-20 for the Successor Agency Board and Oversight Board's consideration.

Oversight Board Consolidation

As of July 1st, 2018, the Fresno Countywide Oversight Board was established pursuant to HSC Section 34179 (j), replacing the local Orange Cove Oversight Board. The Countywide Oversight Board reviews actions taken by all successor agencies within Fresno County and can direct successor agencies to perform certain actions.

The Countywide Oversight Board has scheduled its next meeting for January 24, 2019. The deadline for the Successor Agency to submit its ROPS 19-20 to the Countywide Oversight Board was January 3, 2019. This deadline allows for County staff to review the submission and provide feedback, and for the Successor Agency to incorporate feedback if necessary. With the consolidation of the Oversight Board, it is expected that expenditures may be more stringently monitored, and successor agencies may have to provide additional supporting documentation, especially for the administrative allowance. Successor Agency staff will respond to any requests for additional information from the Oversight Board.

Last and Final ROPS

Pursuant to HSC section 34191.6(a), agencies that have received a Finding of Completion may submit a Last and Final ROPS beginning January 1, 2016 if all the following conditions are met:

- The remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules including, but not limited to, debt service, loan agreements, and contracts.
- All remaining obligations have been previously listed on the ROPS and approved for payment by DOF pursuant to HSC section 34177 (m) or (o).
- The agency is not a party to outstanding/unresolved litigation, except as specified in HSC section 34191.6 (a) (3).

A Last and Final ROPS would reduce the administrative burden on the Successor Agency and eliminate the need for Oversight Board meetings to approve the ROPS (the Oversight Board would still have to convene to approve contracts and other non-ROPS items). A Last and Final ROPS may only be amended twice and cannot include any new items. In order to consider a Last and Final ROPS, Agency staff must wait until all bond proceeds are expended or the proposed 2019 Bond Transfer Agreement is approved by the Oversight Board and DOF.

RECOMMENDATIONS

Staff recommends that the Successor Agency:

1. Adopt Resolution No. SA 2019-03 Approving the Successor Agency's Administrative Budget for Fiscal Year 2019-20
2. Adopt Resolution No. SA 2019-04 Approving the Recognized Obligation Payment Schedule 19-20 for July 2019 through June 2020 and Authorizing its Transmittal

RESOLUTION NO. SA 2019-03

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY APPROVING THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2019-20

WHEREAS, Assembly Bill 26 (“AB x1 26”) was enacted by the State Legislature and signed by the Governor as of June 29, 2011; and

WHEREAS, on January 26, 2012, the City Council adopted Resolution No. 2012-09 electing to serve as the Successor Agency to the former Orange Cove Redevelopment Agency (“Successor Agency”) in accordance with the Dissolution Act (enacted by Assembly Bills x1 26 and 1484 and Senate Bill 107, as codified in the California Health & Safety Code); and

WHEREAS, Section 34177(j) requires the Successor Agency to prepare a proposed administrative budget and submit it to the Fresno Countywide Oversight Board for approval; and

WHEREAS, the Successor Agency has prepared an Administrative Budget for the period July 1, 2019 to June 30, 2020, attached hereto as Exhibit “A”; and

WHEREAS, the Successor Agency desired to approve the Administrative Budget and submit it to the Fresno Countywide Oversight Board for approval.

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. Approval of Administrative Budget. Pursuant to the Dissolution Act, the Successor Agency approves the Fiscal Year 2019-20 Administrative Budget submitted herewith as Exhibit A, which is incorporated herein by this reference.

Section 3. Posting; Transmittal to Appropriate Agencies. The Successor Agency authorizes transmittal of the Fiscal Year 2019-20 Administrative Budget to the Fresno Countywide Oversight Board.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Successor Agency, on the 23rd day of January, 2019, by the following vote:

AYES:	AGENCY BOARD MEMBERS:
NOES:	AGENCY BOARD MEMBERS:
ABSENT:	AGENCY BOARD MEMBERS:

VICTOR P. LOPEZ
AGENCY CHAIRPERSON

ATTEST:

JUNE BRACAMONTES, AGENCY SECRETARY

APPROVED AS TO FORM:

XXX, AGENCY COUNSEL

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY)

I, JUNE BRACAMONTES, hereby certify that I am the duly appointed Agency Secretary of the Successor Agency to the Orange Cove Redevelopment Agency, and that the foregoing resolution was duly adopted at a regular meeting of the Successor Agency held on the 23rd day of January, 2019.

June Bracamontes
Agency Secretary

EXHIBIT A

SUCCESSOR AGENCY ADMINISTRATIVE BUDGET
FOR FISCAL YEAR 2019-20

ORANGE COVE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FY 2019-20

FY 2019-20 Administrative Activities		Personnel					
County correspondence/coordination	Successor Agency Staff, RSG, Legal Counsel						
State correspondence/coordination	Successor Agency Staff, RSG, Legal Counsel						
Prepare ROPS	Successor Agency Staff, RSG, Legal Counsel						
Prepare administrative budget	Successor Agency Staff, RSG, Legal Counsel						
Governmental asset transfer	Successor Agency Staff, RSG, Legal Counsel						
Oversight Board staff support	Successor Agency Staff, RSG, Legal Counsel						
Management of dissolution activities	Successor Agency Staff, RSG, Legal Counsel						
Annual audit	Accountant						
Manage/monitor finances	Successor Agency Staff, RSG						
Agendas/minutes/Brown Act records assistance	Successor Agency Staff						
Budget by Personnel	Description	Estimated Hours	Average Rate	Total	ROPS A Period	ROPS B Period	
Successor Agency Staff Costs	Salaries, Wages, Benefits	3,785	\$42	158,970.00	158,970.00	0	0
Operating Expenses	Insurance, Supplies, Maintenance		n/a	5,000.00	5,000.00	0	0
RSG, Inc.	Advisory Services (ROPS Preparation, Legislative Guidance, Property Disposition, Cash Flow Projections, State/County Correspondence, etc.)	110	\$180	20,000.00	20,000.00	0	0
Legal Counsel	Legal Services (Review materials, Meeting attendance is charged to the City for City Council/Successor Agency meetings.)	60	\$165	9,900.00	9,900.00	0	0
Accountant	Audit Services		n/a	3,500.00	3,500.00	0	0
Oversight Board Costs	Supplies and Meeting Operations Cost		n/a	2,000.00	2,000.00	0	0
Contingency			n/a	586.00	586.00	0	0
Grand Total				\$ 199,956	\$ 199,956	\$	\$

RESOLUTION NO. SA 2019-04

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 FOR JULY 2019 THROUGH JUNE 2020 AND AUTHORIZING ITS TRANSMITTAL

WHEREAS, Assembly Bill 26 (“AB x1 26”) was enacted by the State Legislature and signed by the Governor as of June 29, 2011; and

WHEREAS, on January 26, 2012, the City Council adopted Resolution No. 2012-09 electing to serve as the Successor Agency to the former Orange Cove Redevelopment Agency (“Successor Agency”) in accordance with the Dissolution Act (enacted by Assembly Bills x1 26 and 1484 and Senate Bill 107, as codified in the California Health & Safety Code); and

WHEREAS, among the duties of successor agencies under the Dissolution Act is the preparation of a Recognized Obligation Payment Schedule (“ROPS”) for the ensuing twelve-month period for consideration by an oversight board and the California Department of Finance (“DOF”) for purposes of administering the wind-down of financial obligations of the former Redevelopment Agency; and,

WHEREAS, the Dissolution Act requires that the proposed ROPS be approved by the Fresno Countywide Oversight Board, transmitted for review to the Fresno County Auditor-Controller, State Controller’s Office, and DOF; and,

WHEREAS, the proposed ROPS 19-20 for the twelve-month period from July 1, 2019 through June 30, 2020, attached hereto as Exhibit “A” has been prepared and is consistent with the provisions of the Dissolution Act and in the format made available by DOF; and,

WHEREAS, the Successor Agency desires to approve the ROPS 19-20 and transmit it to various parties as required by the Dissolution Act.

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. Approval of ROPS. The Successor Agency hereby approves and adopts the ROPS 19-20 covering the period of July 1, 2019 through June 30, 2020, in substantially the form attached hereto as Exhibit A, and incorporated herein by reference, as required by the Dissolution Act.

Section 3. Posting; Transmittal to Appropriate Agencies. The City Manager is hereby authorized and directed to post of copy of the ROPS 19-20 on the City’s website and

transmit a copy to the Fresno Countywide Oversight Board for its approval and to other parties as required by the Dissolution Act.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Successor Agency, on the 23rd day of January, 2019, by the following vote:

AYES:	AGENCY BOARD MEMBERS:
NOES:	AGENCY BOARD MEMBERS:
ABSENT:	AGENCY BOARD MEMBERS:

VICTOR P. LOPEZ
AGENCY CHAIRPERSON

ATTEST:

JUNE BRACAMONTES, AGENCY SECRETARY

APPROVED AS TO FORM:

XXX, AGENCY COUNSEL

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY)

I, JUNE BRACAMONTES, hereby certify that I am the duly appointed Agency Secretary the Successor Agency to the Orange Cove Redevelopment Agency and that the foregoing resolution was duly adopted at a regular meeting of the Successor Agency held on the 23rd day of January, 2019.

June Bracamontes
Agency Secretary

EXHIBIT A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE 2019-20
JULY 2019 THROUGH JUNE 2020

EXHIBIT A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE 2019-20
JULY 2019 THROUGH JUNE 2020

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Orange Cove
 County: Fresno

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ 842,188 \$	- \$	842,188
B	Bond Proceeds	842,188	-	842,188
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 404,350 \$	196,987 \$	601,337
F	RPTTF	204,394	-	204,394
G	Administrative RPTTF	199,956	196,987	396,943
H	Current Period Enforceable Obligations (A+E):	\$ 1,246,538 \$	196,987 \$	1,443,525

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (c) of the Health and Safety code, I hereby
 certify that the above is a true and accurate Recognized Obligation
 Payment Schedule for the above named successor agency.

 Name Title
 /s/ _____
 Signature Date

Orange Cove Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see Cash Balance Tips Sheet .									
A	B	C	D	E	F	G	H		
								Fund Sources	
								Bond Proceeds	RPTTF
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Other Funds	Non-Admin and Admin			
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	722,462		15,812	391				A: Bond proceed balance according to trustee statement as of 7/1/16. E: Amount reserved for ROPS 16-17 Item 16. F: Amount reserved for ROPS 17-18 Item 10.
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	213			36				A: Interest earned according to trustee statements. F: Interest according to 16-17 trial balance. G: RPTTF deposited according to County distribution reports.
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	333,125		15,809	110	168,054			All expenditures match those reported on PPA for ROPS 16-17
4	Retention of Available Cash Balance (Actual 06/30/17) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	0			281				
5	ROPS 16-17 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC								F: \$281 retained for ROPS 17-18 Item 10.
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	389,550	0	3	36	30,002			A: Bond proceed balance according to trustee statement as of 6/30/17.

Orange Cove Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020	
Item #	Notes/Comments
13 & 15	The use of bond proceeds on projects is only requested if the 2019 Bond Expenditure Agreement under ROPS Item 21 is denied. Amounts requested match bond proceed balance as of June 2018.
21	The Bond Expenditure Agreement will replace ROPS Item 13 and 15 if approved.



REPORT TO CITY COUNCIL

January 23, 2019

To: Mayor and City Council

From: Rudy Hernandez, Interim City Manager

SUBJECT: Single-Family Housing Rehabilitation Grant Program Guidelines

BACKGROUND:

The Successor Agency to the former Orange Cove Redevelopment Agency has approximately \$330,000 of housing bond proceeds available to fund affordable housing activities. The City Council and Department of Finance have approved using the funds to provide grants to low income homeowners to rehabilitate single-family homes in Orange Cove. Staff and consultants have prepared Single-Family Housing Rehabilitation Grant Program Guidelines ("Program Guidelines") for City Council's consideration.

The Single-Family Housing Rehabilitation Grant Program ("Program") will provide grants to property owners to make exterior improvements to homes that are occupied by low income households. Financial assistance is provided in exchange for placing a 45-year affordability covenant on the property, increasing the City's supply of affordable housing. Grants do not need to be repaid unless the affordability covenant is broken. If the property owner does not comply with the affordability covenant, the grant is repaid and the proceeds are deposited back into the Program to fund other grants.

The following provides a summary of the major terms outlined in the Program Guidelines.

Eligible Applicants

The Program may assist low income households (up to 80 percent of the Fresno County Area Median Income). The 2018 income limit for a four-person household is \$47,900. The low income limit changes annually as published by the California Department of Housing and Community Development ("HCD").

Eligible Improvements

Grants may fund home improvements that address health and safety concerns and exterior deterioration. Grants may be used for rehabilitation activities in the following order of priority. The Program Guidelines should be reviewed for a detailed description of eligible items.

Priority	Description
<u>Priority One</u> Correct Code Violations	Electrical, plumbing, heating and air conditioning, and structural building deficiencies that are in violation of current building codes.
<u>Priority Two</u> Refurbish Exterior Items	Improvements to permanent and attached exterior items to help preserve or protect structures such as roofing, siding (if significantly damaged), re-leveling, bracing, repair/replacement of windows, doors and door locks, structural and/or foundation damage.
<u>Priority Three</u> Accessibility Improvements	Properties occupied by a disabled or elderly household member qualify for removing architectural barriers such as installing ramps and grab bars, widening doorways and hallways, and other improvements described in the Program Guidelines.
<u>Priority Four</u> Exterior Cosmetic Improvements	Repainting, replacing dried or broken landscape materials, replacing inoperable irrigation systems, and replacing damaged eaves and awnings.
<u>Priority Five</u> Energy Efficiency Improvements	Heating and cooling system replacement/upgrades, insulation, weather stripping, water heater replacement, and low flow plumbing fixtures.

Grant Amount and Terms

Grants shall be provided in an amount of **no greater than \$10,000**. Amounts above \$10,000 may be disbursed at the discretion of the City Manager. The grant may not be combined with any other type of assistance from the City.

Grants are made in exchange for a long-term affordability and maintenance covenant. The property owner must agree that the property will be occupied as their principal place of residence for 45-years or sold to a low income-eligible buyer. The property must be maintained in decent, safe, and sanitary condition during the covenant term.

Grants are forgivable as long as the property owner complies with the affordability and maintenance covenant. The property owner must sign a declaration that the property is

occupied as its principal place of residence on an annual basis. If the property does not comply with the affordability and maintenance covenant, the grant must be repaid to the City (reduced by 1/45 for each full year of program compliance).

The attached Program Guidelines and a draft Program brochure provide more details.

FISCAL IMPACT:

The Program is funded by Successor Agency housing bond proceeds. The administrative cost of each loan is approximately \$2,000 for eligibility review and loan processing. The administrative cost is not part of the grant amount.

RECOMMENDATIONS

Adoption Resolution No. 2019-08 Approving the City of Orange Cove Single-Family Housing Rehabilitation Program Guidelines

Attachments:

Program Guidelines

Program Brochure

Resolution No. 2019 - 08

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE
COVE APPROVING SINGLE-FAMILY HOUSING REHABILITATION
PROGRAM GUIDELINES FOR THE CITY OF ORANGE COVE**

WHEREAS, Assembly Bill 26 (“ABx1 26”) was enacted by the State Legislature and signed by the Governor as of June 29, 2011; and

WHEREAS, on January 25, 2012, the City Council elected to serve as the Successor Agency to the former Orange Cove Redevelopment Agency (“Successor Agency”) in accordance with the Dissolution Act (enacted by Assembly Bills 26 and 1484 and Senate Bill 107, as codified in the California Health & Safety Code); and

WHEREAS, on January 25, 2012, the City Council elected to serve as the Housing Successor Agency to the former Orange Cove Redevelopment Agency (“Housing Successor”) in accordance with Health & Safety Code Section 34176; and

WHEREAS, the Successor Agency received its Finding of Completion under Health and Safety Code Section 34179.7 from the California Department of Finance (“DOF”) on April 26, 2013; and

WHEREAS, Health and Safety Code Section 34191.4(c) allows a successor agency that has received a finding of completion to use bond proceeds from bonds issued prior to December 31, 2010 (“Bond Proceeds”) for purposes for which the bonds were sold, and provides that Bond Proceeds in excess of amounts needed to satisfy approved enforceable obligations as defined in Health and Safety Code Section 34171(d) (“Excess Bond Proceeds”) shall be expended in a manner consistent with the original bond covenants; and

WHEREAS, on August 28, 2014, DOF approved Resolution No. OB 2014-07 of the Oversight Board to the Successor Agency to the Orange Cove Redevelopment Agency approving a bond proceed expenditure plan (“Bond Expenditure Plan”) for the use of Excess Bond Proceeds from the former Orange Cove Redevelopment Agency’s 2004 Tax Allocation Bonds, Series A, which were later refinanced and replaced by the 2014 Tax Allocation Refunding Bonds; and

WHEREAS, the Bond Expenditure Plan permitted spending Excess Bond Proceeds on rehabilitation grants to homeowners for exterior improvements to residential units; and

WHEREAS, DOF has approved the use of Excess Bond Proceeds on Housing Rehabilitation Grants on the Recognized Obligation Payment Schedule (“ROPS”) 14-15B and every subsequent ROPS submitted to date; and

WHEREAS, the City Council, as Housing Successor, desires to approve Single-Family Housing Rehabilitation Grant Program Guidelines to spend Excess Bond Proceeds to carry out the Bond Expenditure Plan.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Orange Cove, California, as follows:

SECTION 1. The above recitals are true and correct and are adopted as the findings of the City Council.

SECTION 2. The City Council hereby approves the Single-Family Housing Rehabilitation Grant Program Guidelines attached hereto as Exhibit "A".

SECTION 3. City and Successor Agency staff are authorized to take such other and further action as necessary to carry out the intent of this Resolution.

SECTION 4. If any provision, sentence, clause, section or part of this Resolution is found to be unconstitutional, illegal or invalid, such finding shall affect only such provision, sentence, clause, section or part, and shall not affect or impair any of the remaining parts.

This resolution was adopted at a Regular Meeting of the City Council of the City of Orange Cove held on January 23, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Victor P. Lopez, Mayor

ATTEST:

June V. Bracamontes, City Clerk

APPROVED AS TO FORM:

Daniel T. McCloskey, City Attorney

EXHIBIT "A"

SINGLE-FAMILY HOUSING REHABILITATION GRANT PROGRAM GUIDELINES



CITY OF ORANGE COVE
SINGLE-FAMILY RESIDENTIAL REHABILITATION GRANT PROGRAM GUIDELINES
DRAFT FOR COUNCIL CONSIDERATION

I. GENERAL PROVISIONS

A. Purpose of Program

The primary objective of the Home Rehabilitation Grant Program ("Program") is to provide property owners financial assistance to preserve and improve affordable housing through rehabilitation and sustainability efforts that benefit low income households in the City of Orange Cove ("City"). These objectives will be met through correcting building code violations, completing general property repairs, and making eligible sustainability and accessibility improvements.

B. Program Funding Source

The primary funding source for the Program is provided by the 2014 Tax Allocation Refunding Bonds housing bond proceeds issued by the Orange Cove Successor Agency, which refunded the 2004 Tax Allocation Bonds issued by the former Orange Cove Redevelopment Agency. The City of Orange Cove will make grants to eligible homeowners ("Program Grant") using tax-exempt housing bond proceeds to make improvements permitted by this Program.

C. Applicability of Federal, State, and Local Regulations – While all Program Grants are subject to the requirements of these Guidelines, there may be additional special provisions and limitations on Program Grants depending on changing requirements of the funding source. Consequently, additional requirements not shown in these Guidelines may apply. Further, the City may amend these Guidelines from time to time.

II. PROGRAM ASSISTANCE

A. Program Grants

1. Amount of Program Grant

a. One (1) Program Grant of up to ten-thousand dollars (\$10,000) for qualified Applicants for costs related to repairing, rehabilitating, altering, improving, and making more sustainable the Applicant's Property. Amounts above \$10,000 may be disbursed at the discretion of the City Manager.

2. Terms of Grant

a. Grant Terms - The recipient must own and occupy the property as their principal place of residence for at least a 12-month term or the Grant must be repaid in full. The property owner must enter an affordability covenant in the form of a trust deed for a 45-year period. The property owner must agree that the property will be occupied as their principal

place of residence for 45-years or sold to a low income-eligible buyer. The property owner must sign a declaration that the property is occupied as its principal place of residence on an annual basis and provide proof of occupancy. The property owner must maintain the property in a decent, safe, and sanitary condition during the full term of the affordability covenant.

The Grant obligation will be forgiven in equal amounts ($1/45$ of grant amount annually) over the 45-year term of the covenant. If the property is sold during the 45-year period to another qualified recipient (low income family or person) the covenant can be transferred to the new owner. If the property is sold before the end of the 45-year period to a non-qualified purchaser or is no longer in compliance (i.e. not occupied by Grant Recipient) or the new owner did not want to assume the covenant (trust deed), the remaining grant obligation would become due and payable to the City with such proceeds returning to the City's fund for the 2014 Tax Allocation Refunding Bond's Housing Bond Proceeds. A non-qualified purchaser is a person or family whose annual income exceeds the "Low Income" definition as defined by Health and Safety Code Section 50079.5 (see Section III. H.).

b. Security – Compliance with the terms of the Grant will be secured by trust deed. The City may consider subordinating its position to existing or refinancing trust deeds under the following conditions:

- A Fair Market appraisal of the property is obtained by the lender, the cost of which will be paid by the Homeowner.
- A copy of the appraisal is submitted to the City for its review.
- All debt on the property does not exceed 80% of the property value.
- In the case of refinancing, the Homeowner may not receive cash out of the new loan unless the owner can prove that the cash will be used only to cure an emergency pertaining to the condition of the property or will be used for medical reasons, subject to verification by the City. The cash out of the refinancing may not be used to consolidate existing household or credit card bills.

3. Inspections

The City reserves the right to conduct property inspections before or after rehabilitation in order to verify property conditions and to verify if improvements were completed based on the approved scope of work. Inspections may also be required as part of the standard building permit procedures set by local codes and the City's Building, Planning, Inspection & Engineering Department. Annual inspections may be conducted to confirm compliance with property maintenance requirements during the term of the covenants.

III. HOUSEHOLD/PROPERTY SELECTION AND ELIGIBILITY

Households will be selected on a first-come, first-served basis provided they have submitted a complete application with all required documentation (see Program Application) and are income and housing cost qualified. Household selection/eligibility will be based on the following criteria:

A. Ownership

An applicant must be listed as owner of the property as reflected on a current Preliminary Title Report.

B. Property Title

The property title shall be free of mechanic's liens, tax liens, and other liens as determined by the City that may be detrimental to the security of the City's Grant. Existing mortgages must conform to Section (II)(A)(2)(b) of these guidelines.

C. Principle Residence

Property must be the Applicant's principal residence and must remain the Applicant's principal residence for the duration of the covenants.

D. Location

Property must be located within the City of Orange Cove.

E. Homeowners Insurance

The Applicant must maintain homeowner's insurance on the Property for the full replacement value for the Term of the covenants and add the City/Agency as loss payee on the policy.

F. Previous Grant

If Applicant has received any other public assistance in the form of a grant, the Applicant will not be eligible for assistance through this Program until the grant has been paid off in full.

G. Maximum Gross Household Income

All persons on the title to the Property and all persons living in the Property are considered household members for the purposes of determining income eligibility under this Program. The gross annual income for all household members cannot exceed the annual income limit published by the California Department of Housing and Community Development of Fresno County for low income households. Chart 1 displays 2018 income limits as an example.

Chart 1: 2018 Maximum Income Limits

Number of People in Household	Extremely Low Income	Very Low Income	Low Income
1	\$12,600	\$21,000	\$33,550
2	\$16,460	\$24,000	\$38,350
3	\$20,780	\$27,000	\$43,150
4	\$25,100	\$29,950	\$47,900
5	\$29,420	\$32,350	\$51,750
6	\$33,740	\$34,750	\$55,600
7	\$37,140	\$37,150	\$59,400
8	\$39,550	\$39,550	\$63,250

*Annual Income Limits are provided by the California Department of Housing and Community Development ("HCD") and specific to Fresno County. These numbers are subject to modification annually.

H. Creditworthiness for the Grant

An Applicant must be credit-worthy in order to qualify. An Applicant will not be considered creditworthy if any of the following apply:

1. The Applicant's credit report shows one (1) or more thirty (30) day late payments on any mortgage secured against the Property within the previous twelve (12) months.
2. The Applicant's net (after tax) monthly income is less than 125 percent of the total of their monthly revolving debt and other monthly financial obligations, including the mortgage payment.
3. The Applicant has filed bankruptcy within the past two (2) years.
4. The Applicant is not current on all property taxes. A deferment of property taxes or a property tax payment plan is acceptable if all required installment payments are current.
5. The Property is free of all judgments (i.e., creditor liens, etc.), mechanic's liens, and other liens that would jeopardize the security of the City Grant.

I. Improvements

In order to qualify and to be eligible, no work shall commence prior to: 1) Application approval; 2) full execution of an Affordable Housing Agreement, Promissory Note, Deed of Trust, and other related agreements; 3) full execution of a Construction Agreement in a form approved by the City for work to be done on the Property; 4) issuance of a Notice to Proceed; 5) full and complete approval of the construction to be done based on the City's Municipal Code, including all required building permits; and 6) written authorization to proceed from a City representative.

Program Grants may be used for rehabilitation activities in the following order of priority:

1. Correct code violations
2. Refurbish exterior items
3. Accessibility improvements
4. Exterior cosmetic improvements
5. Energy efficiency improvements

See Exhibit A for detailed Rehabilitation Guidelines. In general, improvements that address health and safety concerns will be given priority.

Program Grants may also be utilized to pay for eligible soft costs such as appraisals, credit reports, permit fees, inspection services, application processing, escrow fees, and grant document preparation. City permit and other fees may not be waived as part of the Program Grant.

IV. DETERMINATION OF GROSS INCOME

A. Gross Annual Income Calculation

Gross Annual Income is defined as the total amount, before any deductions have been taken, of income that is anticipated to be received by all household members ages 18 and over during the upcoming twelve (12) months. Income must be verified no earlier than six months prior to the date the Program Grant is made.

B. Sources of Income

Sources of income used in determining Gross Annual Income for the household are as follows:

1. All wages, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services (before any payroll deductions).
2. Net income from the operation of a business; this income is defined as the higher of either current year to date net income (proven through bank statements) or the highest net income shown on any one (1) of the last three (3) years' Federal income tax returns

with all schedules and attachments.

3. Interest, dividends and other net income of any kind from real or personal property. (Where family assets are in excess of five thousand dollars (\$5,000), excluding property, Gross Annual Income shall include the greater of the actual income derived from all assets or percentage of such assets based on the current passbook savings rate.)

4. All gross periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability, or death benefits and other similar types of periodic receipts, including a lump sum payment for the delayed start (back pay) of a periodic payment.

5. Payment in lieu of earnings, such as unemployment, worker's compensation, severance pay and welfare assistance, excluding, however, lump sum payments under health and accident insurance such as workers' compensation. Unemployment benefits will only be included if an individual has been unemployed six (6) months or more at the date the Application is submitted. If unemployed for less than six (6) months, the final three (3) months income prior to unemployment will be averaged and calculated to estimate the annual income.

6. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling to the extent that such payments are reasonably expected to continue.

7. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the Property) who is the head of the family, spouse or other person whose dependents live in the Property.

C. Exemptions from Sources of Gross Annual Income

The following shall be excluded from the determination of Gross Annual Income:

1. Income from the employment of children under the age of eighteen (18) years.

2. Payments received for the care of foster children. (Note: Foster children shall not be used in the determination of the number of persons in the household.)

3. Lump-sum additions to family assets, such as inheritance, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses.

4. Amounts that are specifically for the reimbursement of non-reoccurring medical expenses.

5. Income from a live-in aide (Note: A live-in aide shall not be used in the determination of the number of persons in the household. However, if an owner or co-owner serves as a live-in aide for another member of the household, such owner or co-

owner shall still be counted in the determination of persons in the household and his or her income shall not be deducted from the calculation of Gross Annual Income.)

6. Amounts of educational scholarships paid directly to the student or the educational institution and amounts paid by the government to veterans for use in meeting the costs of tuition, fees, books and equipment. Any amounts not used for these purposes are to be included as income.

7. The special pay for a household member serving in the Armed Forces who is exposed to hostile fire.

8. Amounts received under United States Housing and Urban Development (HUD)-funded training programs or received under a public assistance program specifically for out-of-pocket costs made solely to allow participation in a specific HUD-funded training program.

9. Lump sum payments of Supplementary Security Income (SSI) and lump sum payments of Social Security benefits (SSA).

D. Paystubs and Federal Income Tax Returns

All adult household members and all persons shown on title to the Principal Residence are required to provide Federal Income Tax returns for the three (3) calendar years prior to the year in which the Application is submitted and copies of paystubs for the two (2) months prior to the date the Application is submitted. These documents will be used to verify Gross Annual Income as well as household composition.

V. CONTRACTOR ELIGIBILITY REQUIREMENTS

A. Applicants may not perform repairs themselves. All work must be performed by licensed contractors meeting the requirements of Section V.C. and subject to the Construction Agreement between the Applicant and the contractor. The Construction Agreement shall set forth a work schedule and budget, approved by the City.

B. Prior to beginning any work for which Program funds will be used, Applicant must obtain no less than two competitive bids from licensed contractors. The City may accept the bid from and hire the contractor who is best qualified to complete the work, even if that contractor is not the lowest bidder.

C. Contractors performing repair must be licensed and submit the following documentation to City:

1. A photocopy of their current license from the State of California Contractors State License Board indicating the classification ("A" or "B" for general and "C" for specialized work). Prior to the execution of each construction contract, the City shall confirm the validity of the contractor's license by accessing the California State

Licensing Board website. Contractors with invalid licenses or pending complaints will not be permitted to participate in the Program.

2. Certificate of insurance for general liability and automobile insurance in an amount not less than one million dollars (\$1,000,000) naming the City and the City as additional insureds, and a copy of the additional insured endorsement.

3. Evidence of current workers' compensation coverage.

4. Copy of their current City Business License.

D. Prior to the execution of each Construction Agreement, the City shall verify that the contractor is not listed in HUD's most recent list of contractors debarred from participating in federally funded projects by accessing HUD's website.

VI. GRANT DEFAULTS

If the Applicant fails to comply with the general terms of the Program Grant, City will consult with the Applicant to seek immediate remedy. If the default persists after adequate notice, per the Deed of Trust, City Staff, or the appropriate designee thereof, shall have the authority to proceed with and take all available steps to cure any default, including pursuing foreclosure on the Property and will notify the Applicant in writing of that decision.

VII. PROGRAM CHANGES

At the discretion of the City, or his/her designee, the Program may be modified to ensure timely expenditures of program funds and to otherwise meet the intent of assisting low and moderate income households.

EXHIBIT A

CITY OF ORANGE COVE HOME REHABILITATION GRANT PROGRAM

REHABILITATION STANDARDS

PRIORITY OF IMPROVEMENTS

Improvement requests will be evaluated in the following order of importance:

1. Correct code violations
2. Refurbish exterior items
3. Accessibility improvements
4. Exterior cosmetic improvements
5. Energy efficiency improvements

In general, items that correct health and safety concerns will be given priority. Removal of lead based paint and asbestos is an eligible expense when included as part of the eligible property rehabilitation.

I. Code Correction Repairs

Every Program Grant made under the Program shall be used to first finance rehabilitation that addresses all health and safety issues and code violations, before being used for other eligible improvements. A Program Grant cannot be approved that would permit a dwelling unit to be out of compliance with applicable codes after rehabilitation.

Applicable codes include the Uniform Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, Chapters 5 to 10 of the Uniform Housing Code¹, Americans with Disabilities Act Section 504 ("Section 504"), and relevant sections of Title 24 of the California Code of Regulations that pertain to disability access ("Title 24").

This may include, but is not limited to, work to make a structure more livable and repair/replace/restore important parts such as plumbing (i.e., repipe and replacement of fixtures, fire sprinklers), damaged flooring, faulty or inadequate heating/cooling systems, inoperable built-in appliances, damaged ceilings, water heaters, electrical wiring and service, and painting (if walls are damaged).

¹ Chapters on Space and Occupancy Standards, Structural Requirements, Mechanical Requirements, Exits, Fire Protection, and Substandard Buildings

II. Refurbish Exterior Items

Program Grants are available for improvements of exterior items that are physically attached and permanent in nature as follows:

1. Repairs that remedy existing nonconforming uses such as garage conversions, additions, etc.
2. Exterior work to help preserve or protect structures, roofing, siding (if significantly damaged), re-leveling, bracing (including earthquake bracing), repair/replacement of windows, doors and door locks, structural and/or foundation damage.
3. Fumigation and treatment of termites and other pests that impact the structural integrity of the building.

III. Accessibility Improvements

Properties occupied by a disabled or elderly household member(s) qualify for services aimed at removing architectural barriers under the Program. In cases where it is not structurally or financially feasible to bring units into full compliance with Title 24 and Section 504, limited repairs or improvements increasing overall accessibility may be undertaken provided such repairs are conducted under a plan check, permit, and inspection process by the City's Building, Planning, Inspection & Engineering Department.

Examples of eligible repairs or improvements that will alleviate architectural barriers include, but are not limited to:

- Grab bars
- Transitional floor coverings
- Bathtub or shower modifications
- Replacement of doorknobs with lever action handles
- Plumbing alteration or modifications
- Ramps
- Sliding doors
- Kitchen cabinet modifications
- Widening doorways and hallways
- Electrical switches and convenience outlet relocation
- Toilet alteration or modifications to achieve adequate height
- Lowering sinks

III. Exterior Cosmetic Improvements

Exterior cosmetic improvements that impact property values may be considered, including but not limited to repainting, replacing dried or broken landscape materials, replacing inoperable irrigation systems, and replacing damaged eaves and awnings.

V. Energy Efficiency Improvements

Provided no health or safety issues are present and the property is in compliance with all applicable codes, program funds may also be used for energy efficiency upgrades that reduce the property's reliance on utilities such as gas, water, and/or electricity. Such upgrades include, but are not necessarily limited to:

1. Insulation, caulking, and weather-stripping
2. Tankless water-heater
2. Upgraded heating and cooling systems and insulation
3. Solar panels
4. Low-flow toilets and showerheads
5. Grey-water irrigation systems
6. Upgraded windows

VI. Lead Based Paint and Asbestos Removal

In general, control or abatement of defective lead-based paint surfaces may be included in property rehabilitation where applicable. A lead-based paint inspection report may be required of any home built before 1978.

Removal of materials containing asbestos, if necessary, will be considered as part of the property rehabilitation.

VII. Ineligible Improvements

A. Recreational items such as barbecues, bathhouses, greenhouses, swimming pools, saunas, television antennas, tennis courts.

B. Luxury items such as carpeting (other than water-damaged or otherwise in general disrepair), burglar alarms, burglar protection bars, dumbwaiters, kennels, murals, flower boxes, awnings, patios, decks and storage sheds/workshops. Any freestanding appliances such as microwave ovens, refrigerators, dishwashers, and fans are also ineligible.

C. Other items deemed ineligible by the Program Administrator or their designee.