

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE WEST COVINA REDEVELOPMENT AGENCY**

AGENDA REPORT
Item No. IVA
Date: October 6, 2016

TO: Chairperson and Board Members of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency

FROM: Chris Freeland, Executive Director

BY: Christa Buhagiar, Finance Director

SUBJECT: AUTHORIZE THE ISSUANCE OF 2017 TAX ALLOCATION REFUNDING BONDS

RECOMMENDED ACTION:

It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency, adopt the following resolution:

RESOLUTION NO. OB-0050 - A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY, AUTHORIZING THE SUCCESSOR AGENCY TO REFUND CERTAIN OUTSTANDING TAX ALLOCATION OBLIGATIONS PURSUANT TO ASSEMBLY BILLS X1 26 AND 1484

BACKGROUND:

Effective February 1, 2012, pursuant to Assembly Bill X1 26 (“AB X1 26”), redevelopment agencies throughout the State of California (“State”) were dissolved and prohibited from engaging in future redevelopment activities. AB X1 26 enabled the formation of Successor Agencies (“SAs”), which have the responsibility of winding down outstanding obligations of the former redevelopment agencies. On June 27, 2012, the State passed Assembly Bill 1484 (“AB 1484”), which included provisions permitting SAs to refund outstanding bonds or other obligations of a former redevelopment agency to achieve savings. A large number of SAs have since refunded their existing redevelopment bonds to provide savings to taxing entities.

The County of Los Angeles, through its County of Los Angeles Redevelopment Refunding Authority (the “County Authority”) has developed a program to assist SAs located within the County in refinancing their outstanding redevelopment bonds in an efficient and cost-effective manner. Refunding the Former Agency’s bonds through this program will reduce costs and the burden on City staff.

On June 16, 2016, the Oversight Board for the Successor Agency of the West Covina Redevelopment Agency adopted a resolution that directed the Successor Agency to the West

Covina Redevelopment Agency (“Successor Agency”) to proceed with refunding various bonds issued by the former Redevelopment Agency.

DISCUSSION:

The proposed refinancing involves five (5) different bonds issued by either the former Redevelopment Agency of the City of West Covina (the “Former Agency”) or the West Covina Public Financing authority (“Authority”). The bonds issued by the Former Agency include the 1998 Housing Set-Aside Tax Allocation Bonds Series A and Series B, 2001 Housing Set-Aside Tax Allocation Revenue bonds, and the 2002 Tax Allocation Revenue Refunding Bonds. The Authority issued the 1999 Taxable Variable Rate Tax Allocation Bonds. The amounts and purpose for issuance of each of these bonds are discussed below.

The first two series of bonds issued by the Former Agency include \$4,945,000 of 1998 Housing Set-Aside Tax Allocation Bonds Series A (the “Series 1998A”) and \$1,200,000 of 1998 Housing Set-Aside Tax Allocation Bonds, Series B (the “Series 1998B”), to fund, among other things, eligible costs of the Executive Lodge Project, a multifamily housing project within the West Covina Project Areas. In 2001, the Former Agency issued \$11,275,000 of Housing Set-Aside Tax Allocation Revenue Bonds (the “Series 2001”), to fund, among other obligations, eligible costs of an 85-unit senior housing complex and implementation of certain low and moderate income housing programs within the West Covina Project Areas. In addition to these bonds secured by housing set-aside, in 2002 the Former Agency issued \$12,200,000 of Tax Allocation Revenue Refunding Bonds (the “Series 2002”) to fund, among other things, the prepayment of the outstanding balance of the Former Agency’s 1993 Loans and refund the outstanding West Covina Public Financing Authority’s 1993 Revenue Bonds. The 1993 obligations were issued to pay for eligible costs of the Former Agency’s redevelopment projects. Finally, in 1999 the Authority issued \$3,945,000 in Taxable Variable Rate Tax Allocation Bonds (the “Series 1999”) for housing purposes, secured by a pledge of the Former Agency. This bond issue faces not only the risk of rising interest rates, but also the risk that its letter of credit will not be renewed. The Former Agency executed Loan Agreements in connection with these Authority Bonds.

These previously issued bonds (the “Prior Bonds”) are currently outstanding in the amount of \$17,450,000, and have a final term of 2031 with average interest rates on the fixed rate bonds of 4.4%. Based on today’s interest rates, the Prior Bonds and related Loan Agreements could be refunded at an average of 2.4%. At current rates, the savings generated by the refunding bonds (the “Refunding Bonds”) would total about \$4.4 million, or about \$1.5 million on a present value basis, representing over 8.9% of the refunded par amount of bonds. These savings will increase the amount of residual property tax available to be redistributed to other taxing entities based on their proportionate share of the 1% property tax levy.

The potential savings from the refunding are summarized below:

Name of Bond(s) Refunded	Average Annual Savings	Years to Maturity	Total Savings	Total NPV* Savings
Series 1998A	\$77,000	9 years	\$662,000	\$250,000
Series 1998B	\$28,000	9 years	\$242,000	\$118,000
Series 1999 (Variable Rate)	\$10,000	14 years	\$88,000	\$20,000
Series 2001	\$113,000	15 years	\$1,655,000	\$607,000
Series 2002	\$202,000	9 years	\$1,735,000	\$553,000

*Net Present Value

The savings calculation for the Series 1999 taxable variable rate bonds is based on certain assumptions as to future costs. These include an interest rate of 1.60% (which is the 15-year average of LIBOR, the benchmark taxable interest rate), 1.4% a year for the letter of credit required for variable rate bonds, and 0.125% a year for remarketing costs. In order for the refunding to produce gross cash flow savings as required by State law, the term of the refunding was shortened two years from the final maturity of the 1999 bonds. Besides producing modest savings (based on these assumptions), the refunding achieves the even more important goals of eliminating interest rate risk and the costs and risks associated with renewing the letter of credit every few years.

With the assistance of the County's redevelopment refunding team, various documents have been prepared that are required for the refunding and are being submitted for approval by a resolution of the Successor Agency and by a resolution of the Oversight Board. These documents are summarized as follows:

Successor Agency Resolution. This resolution authorizes and describes the repayment terms for the Refunding Bonds to be issued by the Successor Agency (the Refunding Bonds, which will be purchased by the County Authority out of the proceeds of its bond issue (the "County Authority Bonds")) and approves the forms of additional documents outlined below. The Successor Agency adopted this resolution on October 4, 2016. (Attachment No. 1)

Indenture. The Indenture of Trust sets forth the terms of the Refunding Bonds (including the interest payments and redemption provisions, if any), the security provisions for the Refunding Bonds, covenants of the Successor Agency to Refunding Bond owners and provisions relating to the holding and distribution of funds to repay the Refunding Bonds. (Attachment No. 2)

Escrow Agreement. The Escrow Agreement, which is being approved as to form, will be used for each separate issue of Prior Bonds to be refunded and sets forth the responsibilities of the escrow agent, the manner in which funds are to be used and invested, defines eligible escrow securities and the date and amount of the redemption of Prior Bonds. (Attachment No. 3)

Local Obligation Purchase Contract. The Local Obligation Purchase Contract specifies the purchase price of the Refunding Bonds to be paid by the County Authority, the interest rates, maturity dates and principal amounts of each maturity of the Refunding Bonds, the date, time and place of the closing of the Refunding Bond issue, the allocation of the expenses incurred in connection with the Refunding Bond issue, the parties' representations to and agreements with

each other and the conditions which the Successor Agency must satisfy before the County Authority becomes obligated to purchase the Refunding Bonds. (Attachment No. 4)

Bond Purchase Agreement. The Bond Purchase Agreement specifies the purchase price of the County Authority Bonds to be paid by the underwriters, the interest rates, maturity dates and principal amounts of each maturity of the County Authority Bonds, the date, time and place of the closing of the County Authority Bond issue, the allocation of the expenses incurred in connection with the Authority Bond issue, the parties' representations to and agreements with each other, and the conditions which the County Authority must satisfy before the underwriters become obligated to purchase the County Authority Bonds. (Attachment No. 5)

Letter of Representations. The Letter of Representations, the form of which is included in the Bond Purchase Agreement, provides certain representations and warranties that the Successor Agency will be providing to the County Authority and the underwriters. (Exhibit B to Attachment No. 5)

Official Statement. The Official Statement (in its preliminary and final form) is used to provide information to investors and prospective investors about, among other things, the County Authority and the County Authority Bonds. The County Authority Bonds constitute securities for purposes of state and federal securities laws and, therefore, the offering and sale of the County Authority Bonds through the Official Statement is subject to certain provisions of such laws, including, importantly, the anti-fraud laws. The Official Statement sets forth information about the terms of the County Authority Bonds, the security for the County Authority Bonds and the sources and uses of the proceeds of the County Authority Bonds to be issued by the County Authority. (Attachment No. 6)

Continuing Disclosure Agreement. Federal securities laws indirectly require issuers of bonds to disclose and annually update certain financial and operating information relevant to the security and repayment of bonds. The Continuing Disclosure Agreement outlines the obligations of the Successor Agency and the County Authority to provide ongoing disclosure in the form of annual reports and event notices in a timely manner. (Exhibit F to Attachment No. 6)

Successor Agency Disclosure Appendix. The Successor Agency's Disclosure Appendix, which will be included as an appendix to the Official Statement, provides information as to the Successor Agency and the Refunding Bonds, the Successor Agency's various redevelopment plans and project areas, the redevelopment property tax trust fund revenues pledged to the Refunding Bond and the documents under which the Refunding Bonds are issued. (Attachment No. 7)

Irrevocable Direction to Transfer. This document directs the County to make payments of tax increment directly to the trustee for debt service payments, which enhances the credit quality of the transaction. (Attachment No. 8)

Oversight Board Resolution. Because the financing has been approved by the Successor Agency, it must now be approved by the Oversight Board. The resolution accompanying this staff report has been prepared for the purpose of providing such Oversight Board approval. This resolution also approves the use of the herein identified documents in connection with the financing. (Attachment No. 9)

There is one other document that needs to be approved by the West Covina Public Financing Authority to effectuate the refunding:

West Covina Public Financing Authority Resolution. This resolution is necessary to allow for the prepayment of the Taxable Variable Rate Demand Tax Allocation Bonds issued in 1999. (Attachment No. 10)

LEGAL REVIEW:

The Oversight Board Counsel has reviewed and approved this report and resolutions.

FISCAL IMPACT:

If the Refunding Bonds were issued under current market conditions, the refinancing will reduce existing debt payments by approximately \$4.4 million over the life of the Refunding Bonds, which will increase the "residual" property tax distribution to all taxing entities. Present value savings would be approximately \$1.5 million. The Successor Agency and City will receive a share of these savings as a residual distribution from the Redevelopment Property Tax Trust Fund. Based on its most recent Recognized Obligation Payment Schedule (ROPS) distribution, the City will receive approximately 16% of the total savings generated from the Refunding Bonds. This would produce additional General Fund revenue of about \$47,000 annually (or a total savings of \$701,000). All costs of the refinancing will be paid on a contingent basis from the bond proceeds. The refinancing will also save staff time since there are less bonds to administer and report on the ROPS, and the County will assume substantial responsibility for continuing disclosure related to the Refunding Bonds.

If the refinancing does not proceed for any reason, any costs already incurred by the Successor Agency will be submitted for reimbursement on the next ROPS and shall not count against any administrative cost allowance of the Successor Agency as such allowance is defined in the Health & Safety Code Section 34171(b).

The Health & Safety Code also provides for reimbursement of staff time associated with the issuance of the Refunding Bonds.

Prepared by:



Christa Buhagiar
Finance Director

ATTACHMENTS:

- Attachment No. 1 – Successor Agency Resolution No. 2016-80
- Attachment No. 2 – Indenture of Trust
- Attachment No. 3 – Escrow Agreement
- Attachment No. 4 – Local Obligation Purchase Contract
- Attachment No. 5 – Bond Purchase Agreement
- Attachment No. 6 – Preliminary Official Statement
- Attachment No. 7 – Successor Agency Disclosure Appendix
- Attachment No. 8 – Irrevocable Direction to Transfer
- Attachment No. 9 – Oversight Board Resolution No. OB-0050
- Attachment No. 10 – West Covina Public Finance Authority Resolution No. 2016-28

RESOLUTION NO. 2016 - 80

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY, AUTHORIZING THE ISSUANCE OF ITS 2017 TAX ALLOCATION REFUNDING BONDS, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$18,500,000, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A LOCAL OBLIGATION PURCHASE CONTRACT, A CONTINUING DISCLOSURE AGREEMENT, A FORM OF ESCROW AGREEMENT AND THE PREPARATION OF AN OFFICIAL STATEMENT AND OTHER MATTERS RELATED THERETO

WHEREAS, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the California Health and Safety Code (referred to herein as the “**Law**”)), the City Council of the City of West Covina (the “**City**”) created the former Redevelopment Agency of the City of West Covina (the “**Initial RDA**”); and

WHEREAS, pursuant to the Law, the City Council of the City changed the Initial RDA to a community development commission named the West Covina Community Development Commission (the “**Former RDA**”); and

WHEREAS, the Former RDA was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Law, and the powers of the Former RDA included the power to issue bonds, notes, certificates of participation or other evidence of indebtedness for any of its corporate purposes; and

WHEREAS, California Assembly Bill No. 26 (First Extraordinary Session) (“**AB X1 26**”) enacted on June 28, 2011, dissolved all redevelopment agencies in existence in the State of California (the “**State**”) as of February 1, 2012, and designated successor agencies and oversight boards to satisfy enforceable obligations of the former redevelopment agencies and wind down the activities of the former redevelopment agencies; and

WHEREAS, pursuant to AB X1 26, on January 10, 2012, the City Council of the City, pursuant to Resolution No. 2012-1, elected to become the successor agency for the Former RDA and named the successor agency the Successor Agency to the West Covina Redevelopment Agency (the “**Agency**”); and

WHEREAS, Assembly Bill No. 1484 (“**AB 1484**”), which was enacted on June 27, 2012, provides a mechanism to refund outstanding bonds or other indebtedness of dissolved redevelopment agencies under certain circumstances, subject to certain requirements referenced below; and

WHEREAS, the Initial RDA previously issued or executed, as applicable, the obligations listed on Exhibit A hereto, which obligations were assumed by the Former RDA (collectively, the “**Former RDA Obligations**”); and

WHEREAS, the Agency desires to refund or prepay, as applicable, some or all of the Former RDA Obligations pursuant to AB 1484 in order to achieve debt service savings; and

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

WHEREAS, California Health and Safety Code Section 34179(a) provides that each successor agency shall have an oversight board composed of seven members; and

WHEREAS, an oversight board (the “**Oversight Board**”) for the Agency has been duly established pursuant to California Health and Safety Code Section 34179(a); and

WHEREAS, the County of Los Angeles (the “**County**”), a political subdivision of the State and taxing entity recipient of property tax revenues, represented by voting membership on the Oversight Board, has developed a program (the “**Refunding Program**”) to assist successor agencies within the County in refunding bonds or other indebtedness pursuant to AB 1484 in order to provide debt service savings to participating successor agencies within the County, efficiencies in issuance and cost of issuance savings; and

WHEREAS, in order to facilitate the Refunding Program, the County of Los Angeles Redevelopment Refunding Authority (the “**Issuer**”) has been created pursuant to a Joint Exercise of Powers Agreement, dated August 6, 2013, by and between the Los Angeles County Public Works Financing Authority and the County; and

WHEREAS, the Refunding Program contemplates the issuance of revenue bonds to be offered to the public in connection with the proposed refunding of all or a portion of the Former RDA Obligations through the issuance by the Issuer, in one or more series, of its 2017 Tax Allocation Revenue Refunding Bonds, with such other name and series designation as shall be deemed appropriate (the “**Bonds**”), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code (the “**Act**”), and under the terms of a trust agreement (the “**Trust Agreement**”), by and between the Issuer and U.S. Bank National Association, as trustee (the “**Trustee**”); and

WHEREAS, the Agency has determined that it is advisable to issue, in one or more series, its 2017 Tax Allocation Refunding Bonds (the “**Local Obligations**”), with such other name and series designation as shall be deemed appropriate, which Local Obligations shall be sold to the Issuer pursuant to the Act, in order to refund all or a portion of the Former RDA Obligations; and

WHEREAS, there are potential debt service savings that can be achieved through a refunding of the Former RDA Obligations, and the Agency has determined to issue the Local Obligations, in one or more series and with such other name and series designation as shall be deemed appropriate, for the purposes of: (i) refunding all or a portion of the Former RDA Obligations; (ii) paying the costs of issuing the Local Obligations and the Agency’s share (as determined by the Issuer) of costs

incident to the authorization, issuance and sale of the Bonds; (iii) funding a reserve account and/or providing for a reserve policy or surety for deposit to the reserve account for the Local Obligations in lieu of funding all or a portion of such reserve account with bond proceeds; and (iv) if advisable, paying for the cost of municipal bond insurance for the Bonds; and

WHEREAS, the Local Obligations, when issued, will be payable from amounts on deposit in the Redevelopment Property Tax Trust Fund of the Agency and allocated to the Agency's Redevelopment Obligation Retirement Fund pursuant to an Indenture of Trust (the "**Indenture**"), by and between the Agency and the Trustee; and

WHEREAS, the Agency has determined pursuant to Section 6588(v) of the California Government Code to sell the Local Obligations to the Issuer pursuant to a local obligation purchase contract (the "**Local Obligation Purchase Contract**") by and between the Agency and the Issuer, and hereby finds and determines that such sale will result in significant public benefits, including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs and more efficient delivery of local agency services to residential and commercial development; and

WHEREAS, Stifel, Nicolaus & Company, Incorporated and Citigroup Global Markets Inc. (collectively, the "**Underwriters**"), have submitted to the Issuer a proposed form of an agreement to purchase the Bonds (the "**Bond Purchase Agreement**") by and between the Underwriters and the Issuer, which includes a Letter of Representations (the "**Letter of Representations**") to be executed by the Agency; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("**Rule 15c2-12**") requires that, in order to be able to purchase or sell the Bonds, the Underwriters must have reasonably determined that the Agency, as an obligated person, has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and operating data and certain enumerated events on an ongoing basis; and

WHEREAS, in order to cause such requirement to be satisfied, the Agency desires to execute a continuing disclosure agreement (the "**Continuing Disclosure Agreement**") by and between the Agency and the Issuer, pursuant to which the Agency and the Issuer will provide annual disclosure and notices of certain enumerated events; and

WHEREAS, a form of the Preliminary Official Statement (the "**Preliminary Official Statement**") to be distributed in connection with the public offering of the Bonds has been prepared, pertaining primarily to the Bonds but also describing the Issuer, the Refunding Program, the Local Obligations, the Agency and certain other information deemed material to an informed investment decision respecting the Bonds; and

WHEREAS, in order to accomplish the refunding of the Former RDA Obligations, the Agency desires to enter into one or more escrow agreements and/or irrevocable refunding instructions relating to the Former RDA Obligations (each, an "**Escrow Agreement**"), pursuant to which the Agency will provide the escrow agent named in the applicable Escrow Agreement with money and/or investment securities sufficient to prepay or redeem, as applicable, and refund all or a portion of the Former RDA Obligations in accordance with the terms thereof;

NOW THEREFORE, THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY, DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. Approval of Local Obligations. Subject to the provisions of Section 3 hereof, the issuance of the Local Obligations, in one or more series, and from time to time, in an aggregate principal amount of not to exceed \$18,500,000, and on the terms and conditions set forth and subject to the limitations specified in the Indenture, is hereby authorized and approved. The Local Obligations shall be dated, shall accrue interest at the rates, shall mature on the dates, shall be issued in the form and shall be as otherwise provided in the Indenture.

Section 3. Approval of Indenture; Execution of Local Obligations. The form of the Indenture providing for the issuance of the Local Obligations on file with the Secretary, is hereby approved. The Chairman, the Executive Director, the Finance Director, any other member of the governing board of the Agency or their respective written designee (each an “**Authorized Officer**” and collectively, the “**Authorized Officers**”) are, and each of them is, hereby authorized and directed, for and in the name of the Agency, to execute and deliver the Indenture, in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Each of the Authorized Officers is hereby authorized and directed to execute and countersign each of the Local Obligation bond forms on behalf of the Agency, either manually or in facsimile, and such signing as herein provided shall be a sufficient and binding execution of the Local Obligations on behalf of the Agency. In case either of such officers whose signature appears on the Local Obligation bond forms shall cease to be such officer before the delivery of the Local Obligations to the Issuer, such signature shall nevertheless be valid and sufficient for all purposes as though such officer had remained in office until the delivery of the Local Obligations.

Section 4. Approval of Local Obligation Purchase Contract. The form of the Local Obligation Purchase Contract on file with the Secretary is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Agency, to execute and deliver the Local Obligation Purchase Contract in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the issuance of the Local Obligations shall comply with the terms of California Health and Safety Code Section 34177.5(a)(i). The Agency’s participation in the Refunding Program, the Bonds and the Trust Agreement are also approved by the Agency as described in this Resolution.

Section 5. Approval of Letter of Representations. The form of the Bond Purchase Agreement is on file with the Secretary and acknowledged by the Agency, and the form of Letter of Representations of the Agency attached thereto on file with the Secretary is hereby approved with such changes as may be approved by an Authorized Officer. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Agency, to execute and deliver the Letter of Representations, in substantially said form and as required in connection with the Issuer’s execution and delivery of the Bond Purchase Agreement, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. Approval of Escrow Agreements. The form of the Escrow Agreement on file with the Secretary is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Agency, to execute and deliver one or more Escrow Agreements for each of the Former RDA Obligations in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Approval of Preliminary Official Statement. The form of the Preliminary Official Statement is on file with the Secretary and acknowledged by the Agency, and the form of the Agency disclosure to be attached as an appendix to the Preliminary Official Statement and the final Official Statement (the “**Agency Appendix**”) on file with the Secretary is hereby approved with such changes as may be approved by an Authorized Officer. The Authorized Officers are each hereby authorized to certify on behalf of the Agency that the Preliminary Official Statement (including the Agency Appendix but excluding information concerning the Issuer, the Bonds, The Depository Trust Company and its book-entry system and any municipal bond insurer, bond insurance policy and debt service reserve fund surety bond or policy as may be described the Preliminary Official Statement, and certain final pricing, rating and related information as permitted to be excluded by Rule 15c2-12), is deemed final as of its date, within the meaning of Rule 15c2-12.

The Authorized Officers are each hereby authorized to approve corrections and additions to the Preliminary Official Statement, the Official Statement and the Agency Appendix by supplement or amendment thereto, by appropriate insertions, or otherwise as appropriate, provided that such corrections or additions shall be regarded by an Authorized Officer as necessary to cause the information contained therein to comply with federal securities laws.

Section 8. Approval of Official Statement. The preparation and delivery of the final Official Statement, and use of such by the Underwriters in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the related Preliminary Official Statement and related Agency Appendix with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the delivery thereof. The Authorized Officers are, and each of them is, each hereby authorized and directed, for and in the name of and on behalf of the Agency, to deliver the final Official Statement and the Agency Appendix and any supplement or amendment thereto to the Underwriters.

Section 9. Approval of Continuing Disclosure Agreement. The form of the Continuing Disclosure Agreement on file with the Secretary is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Agency, to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 10. Approval of Irrevocable Direction to Transfer. The form of the Irrevocable Direction to Transfer on file with the Secretary is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Agency, to execute and deliver the Irrevocable Direction to Transfer in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 11. Other Acts. Each of the Authorized Officers and other appropriate officers of the Agency, acting alone, is authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and contracts that they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Local Obligations and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Local Obligations, and the Local Obligation Purchase Contract, each in order to facilitate the issuance of the Local Obligations and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, without limitation, to amend any of the legal documents entered in connection with the Former RDA Obligations in order to effectuate the defeasance and refunding of such Former RDA Obligations, to execute irrevocable refunding instructions with respect to the Former RDA Obligations, to secure municipal bond insurance on the Local Obligations or the Bonds and/or a reserve surety to fund any reserve account or fund established for the Local Obligations, if available (which may include entering into a mutual insurance agreement(s) therefor), to request subordination of any amounts required to be paid to an affected taxing entity to any or all of the Local Obligations, as the Authorized Officer may require or approve, in consultation with Bond Counsel and the Agency's financial advisors, and any such actions heretofore taken by such officers in connection therewith are hereby ratified, confirmed and approved.

Section 12. Bond Issuance Services. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby approved and appointed as Bond Counsel and Disclosure Counsel, HdL Coren & Cone is hereby approved and appointed as Fiscal Consultant, KNN Public Finance is hereby approved and appointed as Financial Advisor to the Issuer, Harrell & Company Advisors, LLC, is hereby approved and appointed as Municipal Advisor to the Agency, each of which are consultants to the Refunding Program, and Jones & Mayer is hereby approved and appointed as counsel to the Agency, each to provide such services and any other related services as may be required to issue the Local Obligations and the Bonds and to defease and/or refund the Former RDA Obligations.

Section 13. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Agency declares that the Agency would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

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Section 16. Effective Date. This Resolution shall take effect immediately upon its adoption by the governing board of the Agency, and the Secretary shall certify the vote adopting this resolution.

PASSED, APPROVED AND ADOPTED by the Successor Agency to the West Covina Redevelopment Agency, this 4th day of October, 2016, by the following vote:

James Toma
Chairman

APPROVED AS TO FORM:

ATTEST:

Kimberly Hall Barlow
City Attorney

Nickolas S. Lewis
Secretary

EXHIBIT A
FORMER RDA OBLIGATIONS

1. \$12,200,000 Redevelopment Agency of the City of West Covina Tax Allocation Revenue Refunding Bonds, Series 2002

2. \$11,275,000 Redevelopment Agency of the City of West Covina Housing Set-Aside Tax Allocation Revenue Bonds, Series 2001

3. Loan Agreement dated as of November 1, 1999, by and between the West Covina Public Financing Authority and the Former RDA entered into in connection with the issuance of the \$3,945,000 West Covina Public Financing Authority Taxable Variable Rate Demand Tax Allocation Bonds, Series 1999 (Redevelopment Agency of the City of West Covina-West Covina Redevelopment Project-Subordinate Lien)

4. \$4,945,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Series A

5. \$1,200,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Taxable Series B

INDENTURE OF TRUST

by and between

**SUCCESSOR AGENCY TO THE WEST COVINA
REDEVELOPMENT AGENCY**

and

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

Dated as of ____ 1, 2017

relating to

**SUCCESSOR AGENCY TO THE WEST
COVINA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS,
SERIES 2017A
(TAX EXEMPT)**

**SUCCESSOR AGENCY TO THE WEST
COVINA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS,
SERIES 2017B
(FEDERALLY TAXABLE)**

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THIS INDENTURE OF TRUST, dated as of _____ 1, 2017 (the “**Indenture**”), is by and between the SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY (the “**Agency**”), a designated local authority and public body, corporate and politic, duly organized and existing as a redevelopment successor agency under the Law, 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 trusts of the character herein set out with a corporate trust office located in Los Angeles, California, as trustee (the “**Trustee**”).

RECITALS

A. Pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the California Health and Safety Code (referred to herein as the “**Law**”)), the City Council of the City of West Covina (the “**City**”) created the former West Covina Community Development Commission (the “**Former RDA**”).

B. The Former RDA was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Law, and the powers of such agency included the power to issue bonds, notes, certificates of participation or other evidence of indebtedness for any of its corporate purposes.

C. California Assembly Bill No. 26 (First Extraordinary Session) (“**AB X1 26**”) enacted on June 28, 2011, dissolved all redevelopment agencies in existence in the State of California (the “**State**”) as of February 1, 2012, and designated successor agencies and oversight boards to satisfy enforceable obligations of the former redevelopment agencies and wind down the activities of the former redevelopment agencies.

D. Pursuant to AB X1 26, on _____, 2012, the City Council of the City, pursuant to Resolution No. _____, elected to become the successor agency for the Former RDA, and named such successor agency the Successor Agency to the West Covina Redevelopment Agency (the “**Agency**”).

E. Assembly Bill No. 1484 (“**AB 1484**”), which was enacted on June 27, 2012, provides a mechanism to refund outstanding bonds or other indebtedness of dissolved redevelopment agencies under certain circumstances.

F. The Former RDA previously issued or executed, as applicable, the obligations listed in Appendix C (collectively, the “**Refunded Obligations**”).

G. The Agency desires to refund or prepay, as applicable, the Refunded Obligations pursuant to AB 1484 in order to achieve debt service savings.

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

I. Section 34177.5(b) of the California Health and Safety Code authorizes successor agencies to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Refunding Law**”).

J. The County of Los Angeles (the “**County**”), a political subdivision of the State and taxing entity recipient of property tax revenues, has developed a program (the “**Refunding Program**”) to assist successor agencies within the County in refunding bonds or other indebtedness pursuant to AB 1484 in order to provide debt service savings to participating successor agencies within the County, efficiencies in issuance and cost of issuance savings.

K. In order to facilitate the Refunding Program, the County of Los Angeles Redevelopment Refunding Authority (the “**Authority**”) has been created pursuant to a Joint Exercise of Powers Agreement, dated August 6, 2013, by and between the Los Angeles County Public Works Financing Authority and the County.

L. The Authority has determined to issue its Tax Allocation Revenue Refunding Bonds, in one or more series (collectively, the “**Authority Bonds**”), in order to provide funds to acquire the Series 2017 Bonds (as such term is defined herein).

M. The Agency has determined to issue its Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt) (the “**Series 2017A Bonds**”) and its Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable) (the “**Series 2017B Bonds**” and, together with the Series 2017A Bonds, the “**Series 2017 Bonds**”), in order: (i) to refund or prepay the Refunded Obligations, as applicable; (ii) to provide for a bond insurance and a reserve policy or surety for deposit to the reserve account for the Series 2017 Bonds; and (iii) to pay the costs of issuance of the Series 2017 Bonds, and to sell such Series 2017 Bonds to the Authority.

N. The Bonds (as such term is defined herein) will be secured by a pledge of, and lien on, and shall be repaid from Tax Revenues (as such term is defined herein) and certain moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the California Health and Safety Code.

O. All conditions, things and acts required by law to exist, happen and be performed precedent to and in connection with the issuance of the Series 2017 Bonds exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly empowered to issue the Series 2017 Bonds.

In order: (i) to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under the Indenture; (ii) to secure the performance and observance of all the covenants and conditions therein and herein set forth; and (iii) to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of: (1) the mutual covenants herein; (2) the purchase and acceptance of the Bonds by the owners thereof; and (3) other valuable considerations, the receipt of which 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; EQUAL SECURITY

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

“Additional Bonds” means all tax allocation bonds of the Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance with Article IV.

“Agency” means the Successor Agency to the West Covina Redevelopment Agency, as successor to the Former RDA in accordance with the Dissolution Act, and its successors.

“Agency Officer” means the Chairman, Chief Executive Officer, Treasurer, Secretary or any member of the governing board of the Agency.

“Annual Debt Service” means, for each Bond Year, the sum of: (a) the interest due on the Outstanding Bonds and any Additional Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions); and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year); provided that, for purposes of calculating the Reserve Requirement, Annual Debt Service shall relate to interest and principal due on the Bonds alone.

“Authority” means the County of Los Angeles Redevelopment Refunding Authority, a joint exercise of powers agency that is duly organized and existing under and pursuant to the laws of the State of California and a Joint Exercise of Powers Agreement, dated August 6, 2013, between the Los Angeles County Public Works Financing Authority and the County.

“Authority Bonds” means the County of Los Angeles Redevelopment Refunding Authority Tax Allocation Revenue Refunding Bonds issued in one or more series pursuant to the Trust Agreement.

“Authority Trustee” means U.S. Bank National Association, as trustee under the Trust Agreement, or any successor thereto.

“Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

“Bond Counsel” means counsel of recognized national standing in the field of law relating to municipal bonds.

“Bond Register” means the books held by the Trustee described in Section 2.12.

“Bond Year” means: (a) with respect to the initial Bond Year, the period from the date that the Bonds are originally delivered to and including the first succeeding September 1; and (b) thereafter, each twelve-month period from September 2 in any calendar year to and including September 1 in the following calendar year.

“Bonds” means the Series 2017 Bonds and all Additional Bonds.

“Business Day” means a day of the year on which banks in Los Angeles, California, and any other place in which the Corporate Trust Office of the Trustee is located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Callable Authority Bonds” means related Authority Bonds subject to optional redemption from prepayments of Bonds pursuant to Section 4.02 of the Trust Agreement.

“Cash Flow Certificate” has the meaning given to such term in the Trust Agreement.

“City” means the City of West Covina, California.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations of the United States Department of the Treasury issued thereunder.

“Compliance Costs” means those costs incurred by the Agency, the Trustee, the Authority or the Authority Trustee in connection with their compliance with the Indenture, the Trust Agreement and the Continuing Disclosure Agreement that are chargeable against the Redevelopment Property Tax Trust Fund as provided in Sections 5.01 and 6.16, including legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, amounts to reimburse any bond insurer for draws on its bond insurance policy, repayment to the Surety Provider for any draws on the 2017 Reserve Policy, other Policy Costs due to the Surety Provider, other amounts due to the Surety Provider pursuant to Section 5.05(e) hereof and all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code in accordance with Section 5.06 and the Tax Certificate.

“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 the 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 such Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of ____ 1, 2017, by and between the Authority and the Agency, relating to the Authority Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Corporate Trust Office” means the corporate trust office of the Trustee that may be designated from time to time by written notice from the Trustee to the Agency, initially being such office located in Los Angeles, California, except that with respect to the presentation of Bonds for registration, payment, redemption, transfer or exchange, such term means the office of the Trustee in St. Paul, Minnesota, or such other office designated by the Trustee from time to time as its Corporate Trust Office.

“Cost of Issuance Fund” means the fund by that name established pursuant to Section 5.01 of the Trust Agreement.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Agency or the Authority and related to the authorization, issuance, sale and delivery of the Bonds and the Authority Bonds and the refunding of the Refunded Obligations and related WCPFA Bonds, including but not limited to publication and printing costs, costs of preparation and reproduction of documents, filing and recording fees, fees and charges of the Trustee and the Authority Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of the Bonds and the Authority Bonds, bond insurance and reserve surety premia and any other cost, charge or fee in connection with the original issuance of the Bonds and the Authority Bonds and the refunding of the Refunded Obligations and related WCPFA Bonds as provided in an invoice transmitted by the Authority (which may include costs and expenses of the Agency) to the Agency and the Trustee at the time of the original issuance of the Bonds, which Costs of Issuance will be paid from proceeds of the Bonds in accordance with Section 3.01 or as provided in a Supplemental Indenture.

“County” means the County of Los Angeles, a political subdivision of the State of California.

“County Auditor-Controller” means the Auditor-Controller of the County of Los Angeles.

“County Treasurer and Tax Collector” means the Treasurer and Tax Collector of the County of Los Angeles.

“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.

“Event of Default” has the meaning set forth in Section 10.01.

“Expense Account” means the account by that name established pursuant to Section 5.03.

“Federal Securities” means: (a) United States Treasury Obligations; and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor, provided that the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Fiscal Year” means the period commencing on July 1 of each year after the date of the sale and delivery of the Bonds and terminating on the next succeeding June 30, or any other annual accounting period selected and designated by the Agency as its Fiscal Year in accordance with the Law and with notice to the Trustee.

“Former RDA” means the former West Covina Community Development Commission, created by the City Council of the City.

“Indenture” means this Indenture and all Supplemental Indentures.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, 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 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 redevelopment agencies in the State and their successor 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 Account” means the account by that name maintained within the Tax Increment Fund pursuant to Section 5.03.

“Interest Payment Date” means any March 1 or September 1 on which interest on any Series of Bonds is scheduled to be paid, commencing _____ 1, 2017, with respect to the Series 2017 BONDS.

“Law” means the Community Redevelopment Law of the State of California (being Part I of Division 24 of the California Health and Safety Code, as amended), and all laws amendatory thereof or supplemental thereto, including, without limitation, the Dissolution Act.

“Local Obligations” has the meaning given to such term in the Trust Agreement.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year, including the Bond Year in which the calculation is made.

“Officer’s Certificate” means a certificate signed by an Agency Officer.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.02) all Bonds except: (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 11.02; and (c) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

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

“Owner” or **“Bondowner”** means the person in whose name a Bond is registered.

“Pass-Through Agreements” means those agreements listed in Appendix E, each providing for the allocation of former tax increment revenues generated by the Project Areas of the Former RDA.

“Pass-Through Obligations” means: (a) the statutory pass-through obligations of the Agency described under Section 33607.5 of the Law; and (b) the Pass-Through Agreements, [including amounts elected to be allocated pursuant to subdivision (a) of Section 33676 of the California Health and Safety Code,] as listed in Appendix E.

“Permitted Investments” means any of the following to the extent then permitted by the general laws of the State of California applicable to investments by counties:

(1) (a) United States Treasury Obligations; (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank, trust company or bank holding company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated. These include, but are not necessarily limited to:

- U.S. Treasury obligations
All direct or fully guaranteed obligations
- Farmers Home Administration
Certificates of beneficial ownership
- General Services Administration
Participation certificates
- U.S. Maritime Administration
Guaranteed Title XI financing
- Small Business Administration
Guaranteed participation certificates
- Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
GNMA-guaranteed mortgage-backed securities
GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
Local authority bonds

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board (“FHLB”); (b) the Federal Home Loan Mortgage Corporation (“FHLMC”); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm Credit Bank (“FFCB”); (e) Government National Mortgage Association (“GNMA”); (f) Student Loan Marketing Association (“SLMA”); and (g) guaranteed portions of Small Business Administration (“SBA”) notes.

(3) Commercial paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of \$500 million and having “A” or better rating for the issuer’s long-term debt as provided by S&P and “A-1” or better rating for the issuer’s short-term debt as provided by S&P.

(4) The Los Angeles County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as “bankers’ acceptances,” having original maturities of not more than 180 days. The institution must have a minimum short-term debt rating of “P-1” by S&P, and a long-term debt rating of no less than “A” by S&P.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and whose fund has received the highest possible rating from S&P and at least one other Rating Agency.

(7) Certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the “A” category or better from S&P.

(8) Pre-refunded municipal obligations rated “AAA” by S&P meeting the following requirements:

(a) the municipal obligations are: (i) not subject to redemption prior to maturity; or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

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

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of a firm of Independent Certified Public Accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“**Verification**”);

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(9) Repurchase agreements which have a maximum maturity of 30 days, or due on demand, and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above.

(10) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least “AA-” by S&P.

(11) The Local Agency Investment Fund (established under Section 16429.1 of the California Government Code), provided that such investment is held in the name and to the credit of the Trustee, and provided further that the Trustee may restrict such investment if required to keep moneys available for the purposes of the Trust Agreement.

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

“Principal Account” means the account by that name maintained within the Tax Increment Fund pursuant to Section 5.03.

“Principal Installment” means, with respect to any Principal Payment Date, the principal amount of Outstanding Bonds (including mandatory sinking fund payments) due on such date, if any.

“Principal Corporate Trust Office” means the corporate trust office of the Trustee in Los Angeles, California, except that with respect to presentation of Bonds for payment, transfer or exchange, such term means the corporate trust office of the Trustee in St. Paul, Minnesota, or such other offices as the Trustee designates from time to time.

“Principal Payment Date” means any September 1 on which principal of any Series of Bonds is scheduled to be paid, commencing on September 1, 2017 with respect to the Series 2017 Bonds.

“Prior Agreements” means those agreements listed in Appendix F.

“Project Areas” means the redevelopment project areas of the Former RDA.

“Qualified Reserve Account Credit Instrument” means: (a) the 2017 Reserve Policy or (b) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 5.03(d) provided that all of

the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (i) S&P or Moody's has assigned a long-term credit rating of such bank or insurance company is "A" (without regard to modifier) or higher; (ii) such letter of credit or surety bond has a term of at least twelve (12) months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Account Requirement with respect to which funds are proposed to be released pursuant to Section 5.03(d); and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Term Bonds Sinking Account for the purpose of making payments required pursuant to Section 5.03(d).

"Rebate Fund" means the fund by that name established pursuant to Section 5.06.

"Rebate Instructions" means those calculations and directions required to be delivered to the Trustee by the Agency pursuant to the Tax Certificate.

"Rebate Requirement" means the Rebate Requirement defined in the Tax Certificate.

"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.

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

"Redevelopment Plans" means the redevelopment plans of the Former RDA, together with any amendments thereof, thereafter duly enacted pursuant to the Law.

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

"Refunded Obligations" means the obligations listed in Appendix C.

"Regulations" means temporary and permanent regulations promulgated or applicable under Section 103 and all related provisions of the Code.

"Related Documents" means the Trust Agreement, the Indenture, the Authority Bonds, and the Series 2017 Bonds issued hereunder.

"Reserve Account" means the account by that name maintained within the Tax Increment Fund pursuant to Section 5.03.

"Reserve Account Requirement" means as of the date of any calculation, the least of: (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds); (b) Maximum Annual Debt Service on the Bonds; and (c) 125% of Average Annual Debt Service on the Bonds.

"Responsible Officer" means any Vice President, Assistant Vice President, Trust Officer or other officer of the Trustee having regular responsibility for corporate trust matters.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors and assigns, except that if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, then “S&P” will be deemed to refer to any other nationally-recognized rating agency selected by the Agency.

“Serial Bonds” means Bonds for which no Sinking Account Installments are provided.

“Series” means each initial series of Series 2017 Bonds executed, authenticated and delivered and identified pursuant to the Indenture as the Series 2017A Bonds and the Series 2017B Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate series of Bonds.

“Series 2017A Bonds” means the Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt).

“Series 2017B Bonds” means the Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable).

“Series 2017 Bonds” mean, collectively, the Series 2017A Bonds and the Series 2017B Bonds.

“Sinking Account Installment” means the amount of money required to be paid by the Agency on a Sinking Account Payment Date toward the retirement of any particular Term Bonds on or prior to their respective stated maturities, as set forth in the Indenture.

“Sinking Account Payment Date” means any September 1 on which Sinking Account Installments on Term Bonds are scheduled to be paid, as set forth in the Indenture.

“State” means the State of California.

“Supplemental Indenture” means any indenture amending or supplementing the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Surety Provider” means _____, or any successor thereto or assignee thereof, as issuer of the 2017 Reserve Policy.

“2017 Reserve Policy” means the [Municipal Bond Debt Service Reserve Insurance Policy] issued by the Surety Provider.

“Tax Certificate” means that respective certificate and agreement, relating to various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Authority and the Agency on the date that the Authority Bonds and the applicable Series of Tax-Exempt Bonds are issued, as the same may be amended or supplemented in accordance with its terms.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the owners thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“Tax Increment Fund” means the fund by that name established pursuant to Section 5.01.

“Tax Revenues” means all taxes annually allocated and paid to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws that are available for deposit into or deposited in the Redevelopment Property Tax Trust Fund, subject to the prior application, liens and payments with respect to Pass-Through Obligations and Prior Agreements (unless otherwise subordinated), and limited, in each case, to the extent of the project area-specific or site-specific portion of such Tax Revenues applicable and/or pledged to the payment of such obligations.

If and to the extent that the provisions of California Health and Safety Code Section 34172 or paragraph (2) of subdivision (a) of California Health and Safety Code Section 34183 are invalidated by a final judicial decision, then the term “Tax Revenues” will include all tax revenues allocated to the payment of indebtedness pursuant to California Health and 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.

“Term Bonds” means Bonds which are payable on or before their specified maturity dates from Sinking Account Installments established for that purpose.

“Term Bonds Sinking Account” means the account by that name maintained within the Tax Increment Fund pursuant to Section 5.03.

“Trust Agreement” means the Trust Agreement, dated as of the date hereof, between the County of Los Angeles Redevelopment Refunding Authority, as issuer, and U.S. Bank National Association, as trustee, relating to the Authority Bonds.

“Trustee” means U.S. Bank National Association, appointed by the Agency in Section 7.01 and acting with the duties and powers provided herein, and its successors and assigns, or any other corporation or association which may at any time be substituted in its place, as provided in Section 7.02.

“United States Treasury Obligations” means non-callable direct obligations of the United States of America.

“Verification Report” means a report of a firm of Independent Certified Public Accountants, addressed to the Agency, the Authority and the Trustee, verifying the sufficiency of the escrow established to pay Bonds in full at maturity or on a redemption date.

“WCPFA Bonds” means the West Covina Public Financing Authority Taxable Variable Rate Demand Tax Allocation Bonds, Series 1999 (Redevelopment Agency of the City of West Covina-West Covina Redevelopment Project-Subordinate Lien).

“Written Request of the Agency” means an instrument in writing signed by an Agency Officer, or by any other officer of the Agency duly authorized by the Agency for that purpose.

“Written Request of the Authority” means an instrument in writing signed by the Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Authority for that purpose.

Section 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of all Bonds issued hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and the agreements and covenants set forth herein to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds.

ARTICLE II

THE BONDS; CERTAIN PROVISIONS OF THE SERIES 2017 Bonds

Section 2.01 General Authorization; Bonds. The Series 2017 Bonds and Additional Bonds may be issued at any time under and subject to the terms of the Indenture. The Agency has reviewed all proceedings heretofore taken relative to the authorization of the Series 2017 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 2017 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Agency is now duly authorized, pursuant to each and every requirement of law, to issue the Series 2017 Bonds in the manner and form provided in the Indenture. Accordingly, the Agency hereby authorizes the issuance of the Series 2017 Bonds for the purposes set forth in the preamble of the Indenture.

Section 2.02 Terms of Series 2017 Bonds. The Series 2017 Bonds authorized to be issued by the Agency under and subject to the terms of the Indenture and the Law shall be designated the “Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt)” in the aggregate principal amount of \$_____ and the “Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable)” and shall be in the aggregate principal amount of \$_____.

The Series 2017 Bonds shall be issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof (not exceeding the principal amount of such Bonds maturing at any one time). Each Series of Series 2017 Bonds shall be numbered in consecutive numerical order from R1 upwards. The Series 2017 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Interest Payment Date, in which event they shall bear interest from the date of issuance, provided, however, that if, at the time of authentication of any Series 2017 Bond, interest is then in default on such Series of Series 2017 Bond, such Series of Series 2017 Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment. Interest on the Series 2017 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Payment of interest on the Series 2017 Bonds shall be made to the Authority Trustee, as registered owner, or such other person whose name appears on the bond registration books of the Trustee as the registered owner of the Series 2017 Bonds, as of the close of business on the fifteenth (15th) day of the calendar month preceding the Interest Payment Date (the “**Record Date**”), such interest to be paid in immediately available funds by wire transfer to the Authority Trustee, as registered owner, to an account within the United States designated by such

registered owner prior to the Record Date, or if otherwise instructed, by check mailed to such registered owner at its address as it appears on such books or at such other address as it may have filed with the Trustee for that purpose prior to the Record Date. The initial wire instructions for such purpose are:

U.S. Bank National Association
 ABA 091000022
 Account Number [180121167365]
 Account Name: U.S. Bank Corporate Trust Dept.
 Reference: LA County RDA Pooled Refunding

The Series 2017A Bonds shall mature on the dates and in the principal amounts, and shall bear interest at the rates per annum, set forth in the table below.

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
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The Series 2017B Bonds shall mature on the dates and in the principal amounts, and shall bear interest at the rates per annum, set forth in the table below.

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
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Principal and redemption premiums, if any, on the Series 2017 Bonds shall be payable by wire transfer in immediately available funds to the initial wire account designated above, including as may be revised, or such other account within the United States designated by the Authority Trustee as Owner at maturity or upon the prior redemption thereof. Principal and redemption premiums, if

any, and interest on the Series 2017 Bonds shall be paid in lawful money of the United States of America.

The Series 2017 Bonds shall be registered initially in the name of U.S. Bank National Association, as Authority Trustee, and shall be evidenced by one bond for each maturity of Bonds in the principal amount of the respective maturities of Bonds.

Notwithstanding anything to the contrary contained herein, the payment of principal of and premium, if any, and interest on any Bond of which the Authority Trustee is the Owner shall be made to the Authority Trustee in immediately available funds (including by internal transfer) on each applicable payment date.

The Trustee shall telephonically notify the Authority Trustee on the third Business Day and again on the second Business Day, confirmed in writing or by facsimile or email, prior to each Interest Payment Date if there is an insufficiency of funds on deposit with the Trustee to make the scheduled payments on the Series 2017 Bonds on the next Interest Payment Date.

Section 2.03 Form of Series 2017 Bonds. The Series 2017 Bonds, the Trustee's authentication and registration endorsement, and the assignment to appear thereon shall be substantially in the form set forth in Appendix A.

Section 2.04 Redemption of Series 2017 Bonds.

(a) Optional Redemption of the Series 2017A Bonds. (i) The Series 2017A Bonds maturing on or after September 1, 20__ shall be subject to optional redemption on September 1, 20__ or any date thereafter, in integral multiples of \$5,000, from any source of available funds, at the times, at the redemption prices and in the manner provided in this section, at the direction of the Agency, so as to cause such Callable Authority Bonds as shall be specified by the Agency to be mandatorily redeemed pursuant to Section 4.02(b) of the Trust Agreement from the proceeds of the optional redemption of such Series 2017A Bonds.

In order to effect such optional redemption of Series 2017A Bonds, the Agency shall deliver to the Trustee: (1) a Written Request of the Agency specifying: (A) the maturity or maturities, and the principal amount or amounts (or portion thereof), of the Callable Authority Bonds to be mandatorily redeemed from the redemption proceeds of such Series 2017A Bonds; (B) the date on which such Callable Authority Bonds are to be mandatorily redeemed (which redemption date shall be a date on which such Callable Authority Bonds are subject to mandatory redemption pursuant to Section 4.02(b) of the Trust Agreement); (C) the amount of each mandatory sinking fund installment for the Authority Bonds to be Outstanding after the date of such mandatory redemption; and (D) the amount of the redemption (or redemption price) of Series 2017A Bonds necessary to cause such mandatory redemption of such Callable Authority Bonds; and (2) a Cash Flow Certificate of an Independent Financial Consultant: (A) demonstrating that, if moneys are allocated and applied to the redemption of Series 2017A Bonds as provided in paragraph (a)(ii) of this section, the debt service on the Series 2017A Bonds, together with the debt service payable on all other Local Obligations (as such term is defined in the Trust Agreement), payable on each Interest Payment Date after such redemption date will be sufficient, but not materially more than sufficient, to pay debt service on the Authority Bonds to be Outstanding on such Interest Payment Date; (B) specifying the principal amount, as of such redemption date, of the Series 2017A Bonds, or portion thereof, to the optional redemption of which moneys are to be allocated and applied as provided in paragraph (a)(ii) of this

section; (C) specifying the amount of the redemption premium, if any, to be paid in connection with such optional redemption of such Series 2017A Bonds, or portion thereof; and (D) specifying the principal amount, and the amount of each mandatory sinking fund installment, as of such redemption date, of each Series 2017A Bond that will remain Outstanding after the redemption of Series 2017A Bonds on such redemption date as provided in paragraph (a)(ii) of this section, which Written Request of the Agency and Cash Flow Certificate of such Independent Financial Consultant shall be delivered to the Trustee no later than the Business Day prior to the redemption date.

(ii) No later than the date specified in a Written Request of the Agency delivered pursuant to paragraph (a)(i) of this section as the date on which Callable Authority Bonds are to be mandatorily redeemed pursuant to Section 4.02(b) of the Trust Agreement, the Agency shall deliver to the Trustee an amount equal to the amount specified in such Written Request of the Agency and, on such redemption date, the Trustee shall pay such amount to the Authority Trustee, on behalf of the owners of such Callable Authority Bonds. Upon the payment by the Trustee to the Authority Trustee of such amount: (1) the Series 2017A Bonds, or portion thereof, debt service on which would have, after such redemption date, been applied to the payment of debt service on such Callable Authority Bonds shall, as of such redemption date, be deemed to have been optionally redeemed pursuant to this section in an amount equal to the principal amount of such Series 2017A Bonds, or portion thereof, as of such redemption date; and (2) the remainder of: (A) such moneys; less (B) accrued interest, if any, thereon and such principal amount of such Series 2017A Bonds, or portion thereof, as of such redemption date, shall be deemed to be, and for all purposes hereof shall be considered to be, the redemption premium paid in connection with such optional redemption of such Series 2017A Bonds, or portion thereof.

(b) Optional Redemption of the Series 2017B Bonds.

(i) The Series 2017B Bonds maturing on or after September 1, 20__ shall be subject to optional redemption on September 1, 20__ or any date thereafter, in integral multiples of \$5,000, from any source of available funds, at the times, at the redemption prices and in the manner provided in this section, at the direction of the Agency, so as to cause such Callable Authority Bonds as shall be specified by the Agency to be mandatorily redeemed pursuant to Section 4.02(b) of the Trust Agreement from the proceeds of the optional redemption of such Series 2017B Bonds.

(ii) The Series 2017B Bonds are further subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date before September 1, 20__, by such maturity or maturities as shall be directed by the Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, together with the Make-Whole Premium (as such term is defined in Section 4.02(d) of the Trust Agreement), and shall be redeemed in such manner as to cause such Callable Authority Bonds as shall be specified by the Agency to be redeemed pursuant to Section 4.02(d) of the Trust Agreement from the proceeds of the optional redemption of such Series 2017B Bonds.

(iii) In order to effect the optional redemption of Series 2017B Bonds as described in clauses (i) and (ii) above, the Agency shall deliver to the Trustee: (1) a Written Request of the Agency specifying: (A) the maturity or maturities, and the principal amount or amounts (or portion thereof), of the Callable Authority Bonds to be redeemed from the redemption proceeds of such Series 2017B Bonds; (B) the date on which such Callable Authority Bonds are to be redeemed

(which redemption date shall be a date on which such Callable Authority Bonds are subject to redemption pursuant to Section 4.02(b) or Section 4.02(d) of the Trust Agreement, as applicable); (C) the amount of each mandatory sinking fund installment for the Authority Bonds to be Outstanding after the date of such redemption; and (D) the amount of the redemption (or redemption price) of Series 2017B Bonds necessary to cause such redemption of such Callable Authority Bonds; and (2) a Cash Flow Certificate of an Independent Financial Consultant: (A) demonstrating that, if moneys are allocated and applied to the redemption of Series 2017B Bonds as provided in paragraph (a)(ii) of this section, the debt service on the Series 2017B Bonds, together with the debt service payable on all other Local Obligations (as such term is defined in the Trust Agreement), payable on each Interest Payment Date after such redemption date will be sufficient, but not materially more than sufficient, to pay debt service on the Authority Bonds to be Outstanding on such Interest Payment Date; (B) specifying the principal amount, as of such redemption date, of the Series 2017B Bonds, or portion thereof, to the optional redemption of which moneys are to be allocated and applied as provided in clauses (i) or (ii) of this section; (C) specifying the amount of the redemption premium, if any, to be paid in connection with such optional redemption of such Series 2017B Bonds, or portion thereof; and (D) specifying the principal amount, and the amount of each mandatory sinking fund installment, as of such redemption date, of each Series 2017B Bond that will remain Outstanding after the redemption of Series 2017B Bonds on such redemption date as provided in clauses (i) or (ii) of this section, which Written Request of the Agency and Cash Flow Certificate of such Independent Financial Consultant shall be delivered to the Trustee no later than the Business Day prior to the redemption date.

(iv) No later than the date specified in a Written Request of the Agency delivered pursuant to clause (iii) of this section as the date on which Callable Authority Bonds are to be redeemed pursuant to Section 4.02(b) or Section 4.02(d) of the Trust Agreement, as applicable, the Agency shall deliver to the Trustee an amount equal to the amount specified in such Written Request of the Agency and, on such redemption date, the Trustee shall pay such amount to the Authority Trustee, on behalf of the owners of such Callable Authority Bonds. Upon the payment by the Trustee to the Authority Trustee of such amount: (1) the Series 2017B Bonds, or portion thereof, debt service on which would have, after such redemption date, been applied to the payment of debt service on such Callable Authority Bonds shall, as of such redemption date, be deemed to have been optionally redeemed pursuant to this section in an amount equal to the principal amount of such Series 2017B Bonds, or portion thereof, as of such redemption date; and (2) the remainder of: (A) such moneys; less (B) accrued interest, if any, thereon and such principal amount of such Series 2017B Bonds, or portion thereof, as of such redemption date, shall be deemed to be, and for all purposes hereof shall be considered to be, the redemption premium paid in connection with such optional redemption of such Series 2017B Bonds, or portion thereof.

(c) Mandatory Redemption of Bonds from Sinking Fund Installments. (i) The Series 2017A Bonds maturing on September 1, 20__ are subject to mandatory redemption in part by lot on September 1 in each year commencing September 1, 20__, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Series 2017A Term Bonds Maturing September 1, 20__

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount To be Redeemed</i>
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\$

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* Final Maturity.

In the event that a Series 2017A Bond maturing on September 1, 20__ subject to mandatory redemption is redeemed in part prior to its stated maturity date from any moneys other than Principal Installments, the remaining Principal Installments for such Series 2017A Bond shall be reduced as directed in a Written Request of the Agency, consistent with the related Cash Flow Certificate.

(ii) The Series 2017B Bonds maturing on September 1, 20__ are subject to mandatory redemption in part by lot on September 1 in each year commencing September 1, 20__, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Series 2017B Term Bonds Maturing September 1, 2028

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount To be Redeemed</i>
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* Final Maturity.

In the event that a Series 2017B Bond maturing on September 1, 20__ subject to mandatory redemption is redeemed in part prior to its stated maturity date from any moneys other than Principal Installments, the remaining Principal Installments for such Series 2017B Bond shall be reduced as directed in a Written Request of the Agency, consistent with the related Cash Flow Certificate.

Section 2.05 Notice of Redemption. In the case of any redemption of Bonds, the Trustee shall give notice that Bonds, identified by Series, principal amount and maturity date, have been called for redemption and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all Outstanding Bonds are to be redeemed, so stating), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Principal Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Series 2017 Bonds, the respective Series of Series 2017 Bonds, or portions thereof, as applicable, so to be redeemed will cease to accrue on and after such date, and that from and after such date such Bond or such portion shall no longer be entitled to any lien, benefit or security under the Indenture,

and the Owner thereof shall have no rights in respect of such redeemed Bond or such portion except to receive payment from such moneys of such redemption price plus accrued interest to the date fixed for redemption.

Such notice shall be mailed (or if all of the Bonds are held by the Authority Trustee, transmitted in a manner acceptable to the Authority Trustee) by first class mail, postage prepaid, at least twenty (20) but not more than sixty (60) days before the date fixed for redemption, to the Owners of such Bonds, or portions thereof, so called for redemption, at their respective addresses as the same shall last appear on the Bond Register. No notice of redemption need be given to the Owner of a Bond to be called for redemption if such Owner waives notice thereof in writing, and such waiver is filed with the Trustee prior to the redemption date. Neither the failure of an Owner to receive notice of redemption of Bonds hereunder nor any error in such notice shall affect the validity of the proceedings for the redemption of Bonds.

Any notice of redemption may be expressly conditional and may be rescinded by Written Request of the Agency given to the Trustee not later than the date fixed for redemption. Upon receipt of such Written Request of the Agency, the Trustee shall promptly mail (or if all of the Bonds are held by the Authority Trustee, transmitted in a manner acceptable to the Authority Trustee) notice of such rescission to the same parties that received the original notice of redemption.

Section 2.06 Selection of Bonds for Redemption. Whenever less than all the Outstanding Bonds of any Series maturing on any one date are called for redemption at any one time, the Trustee shall select the Bonds of such Series and maturity to be redeemed from the Outstanding Bonds of such Bonds maturing on such date not previously selected for redemption, by lot in any manner which the Trustee deems fair.

Section 2.07 Payment of Redeemed Bonds. If notice of redemption has been given or waived as provided in Section 2.05, the Bonds or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Bonds to be redeemed at the office specified in the notice of redemption. If there shall be called for redemption less than the full principal amount of a Bond, the Agency shall execute and deliver and the Trustee shall authenticate, upon surrender of such Bond, and without charge to the Owner thereof, Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bonds so surrendered in such authorized denominations as shall be specified by the Owner.

If any Bond or any portion thereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for by the Agency, then interest on such Bond or such portion shall cease to accrue from such date, and from and after such date such Bond or such portion shall no longer be entitled to any lien, benefit or security under the Indenture, and the Owner thereof shall have no rights in respect of such Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

Section 2.08 Purchase in Lieu of Redemption. In lieu of redemption of any Bond pursuant to the provisions of Section 2.04(a), amounts on deposit in the Term Bonds Sinking Account may also be used and withdrawn by the Trustee at any time prior to selection of Bonds for redemption having taken place with respect to such amounts, upon a Written Request of the Agency,

for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Agency may in its discretion determine, but not in excess of par plus accrued interest. Any accrued interest payable upon the purchase of Bonds shall be paid from amounts held in the Tax Increment Fund for the payment of interest on the next following Interest Payment Date. Any Term Bonds so purchased shall be cancelled by the Trustee forthwith and shall not be reissued. The principal of any Term Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any Sinking Account Payment Date in any year shall be credited towards and shall reduce the principal of such Term Bonds required to be redeemed on such Sinking Account Payment Date in such year.

Section 2.09 Execution of Bonds. Any Agency officer, acting for and on behalf of the Agency shall execute each of the Bonds and the Secretary shall attest each of the Bonds on behalf of the Agency. Any of the signatures of said Agency Officer may be by printed, lithographed or engraved facsimile reproduction. In case any Agency Officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes the same as though such Agency officer had remained in office until such delivery of the Bonds. 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 may not have been such officer of the Agency.

Except as may be provided in a Supplemental Indenture, only such of the Bonds as shall bear a certificate of authentication and registration in the form described herein, executed and dated by the Trustee, upon the Written Request of the Agency, shall be entitled to any benefits under the Indenture or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so registered have been duly issued and delivered hereunder and are entitled to the benefits of the Indenture.

Section 2.10 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.12, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond at the Corporate Trust Office for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds for a like aggregate principal amount of the same Series, interest rate and maturity date. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Trustee shall not be required to register the transfer of any Bonds during the fifteen (15) days prior to the date of selection of the Bonds for redemption, or of any Bonds selected for redemption.

Section 2.11 Exchange of Bonds. The Bonds may be exchanged at the Corporate Trust Office for a like aggregate principal amount of Bonds of the same Series, interest rate and maturity date in other authorized denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be required to exchange any Bonds during the fifteen (15) days prior to the date of selection of the Bonds for redemption, or of any Bonds selected for redemption.

Section 2.12 Bond Registration Books. (a) The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall at all times, upon reasonable notice, be open to inspection by any Owner or such Owner's agent duly authorized in writing, or by the Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

(b) The person in whose name any Bond shall be registered shall be deemed the Owner thereof for all purposes thereof, and payment of or on account of the principal of, and the interest on or redemption price of by such Bond shall be made only to or upon the order in writing of such Owner, which payment shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) Upon initial issuance of the Bonds, the ownership of all such Bonds shall be registered in the registration records maintained by the Trustee in the name of U.S. Bank National Association, as trustee for the Authority.

Section 2.13 Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated, or shall be believed by the Agency or the Trustee to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Trustee, and upon the surrender of such mutilated Bond at the Corporate Trust Office or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss, and upon receipt also of indemnity for the Trustee and the Agency satisfactory to the Trustee, and upon payment by the Owner of all expenses incurred by the Agency and the Trustee, the Agency shall execute and the Trustee shall authenticate and deliver at said office a new Bond or Bonds of the same Series and maturity and for the same aggregate principal amount, of like date, bearing the same number or numbers, with such notations as the Trustee shall determine, in exchange and substitution for and upon cancellation of the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Agency or the Trustee upon receipt of like proof, indemnity and payment of expenses.

Any such replacement Bonds issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Bonds issued hereunder. The Agency and the Trustee shall not be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

Section 2.14 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Agency for the financing or refinancing of any redevelopment project financed with proceeds of the Refunded Obligations, or by any contracts made by the Agency in connection therewith, and shall not be dependent upon the completion of the financing such redevelopment project or upon the performance by any person of any obligation with respect to such redevelopment project, and the recital contained in the Bonds that

the same are issued pursuant to the Law shall be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE III

APPLICATION OF PROCEEDS OF BONDS

Section 3.01 Application of Proceeds of Sale of Series 2017 Bonds.

(a) The net proceeds of the sale of the Series 2017A Bonds shall be deposited with the Trustee in trust and set aside or transferred by the Trustee as follows:

- (i) The Trustee shall transfer \$_____ to the trustee for the _____; and
- (ii) The Trustee shall deposit \$_____ in the Cost of Issuance Fund.

(b) The net proceeds of the sale of the Series 2017B Bonds shall be deposited with the Trustee in trust and set aside or transferred by the Trustee as follows:

- (i) The Trustee shall transfer \$_____ to the trustee for the _____; and
- (ii) The Trustee shall deposit \$_____ in the Cost of Issuance Fund.

The Trustee may establish and use temporary funds or accounts in its records to facilitate and record such deposits and transfers.

ARTICLE IV

ISSUANCE OF ADDITIONAL BONDS

Section 4.01 Conditions for the Issuance of Additional Bonds. The Agency may at any time after the issuance and delivery of the Series 2017 Bonds issue Additional Bonds hereunder payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, for the purpose of refunding bonds or other indebtedness of the Agency or the Former RDA (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Law, including payment of all costs incidental to or connected with such refunding and funding or providing for the funding of related reserves, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) A Written Request of the Agency shall have been filed with the Trustee containing a statement to the effect that the Agency is in compliance with all covenants set forth in the Indenture and any Supplemental Indentures, and that no Event of Default has occurred and is continuing.

(b) The issuance of such Additional Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and the issuance of such Additional Bonds shall have been provided for by a Supplemental Indenture, which shall specify the following:

- (i) The authorized principal amount of such Additional Bonds;

(ii) The Series, date and the maturity date or dates of such Additional Bonds; provided that: (1) Principal Payment Dates and Sinking Account Payment Dates may occur only on Interest Payment Dates; (2) all such Additional Bonds of like Series and maturity shall be identical in all respects, except as to number; and (3) fixed serial maturities or mandatory Sinking Account Installments, or any combination thereof, shall be established to provide for the retirement of all such Additional Bonds on or before their respective maturity dates;

(iii) The Interest Payment Dates for such Additional Bonds; provided that Interest Payment Dates shall be on the same semiannual dates as the Interest Payment Dates for Series 2017 Bonds;

(iv) The denomination and method of numbering of such Additional Bonds;

(v) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(vi) The amount and due date of each mandatory Sinking Account Installment, if any, for such Additional Bonds;

(vii) The amount, if any, to be deposited from the proceeds of such Additional Bonds in the Reserve Account; provided that the amount deposited in or credited to such Reserve Account shall be increased at or prior to the time such Additional Bonds become Outstanding to an amount at least equal to the Reserve Account Requirement on all then Outstanding Bonds and such Additional Bonds, and that an amount at least equal to the Reserve Account Requirement on all Outstanding Bonds shall thereafter be maintained in or credited to such Reserve Account. Notwithstanding the foregoing, the Reserve Account may contain subaccounts therein that secure the Bonds or solely secure individual series of Additional Bonds as specified in a Supplemental Indenture;

(viii) The form of such Additional Bonds; and

(ix) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The Agency shall refund outstanding Prior Agreements on a basis senior to or on parity with the Bonds only to the extent that such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act. Nothing contained in the Indenture shall limit the issuance of any tax increment bonds or other obligations of the Agency secured by a lien and charge on Tax Revenues junior to that of the Bonds.

Section 4.02 Procedure for the Issuance of Additional Bonds. The Additional Bonds shall be executed by the Agency for issuance under the Indenture and delivered to the Trustee and thereupon shall be delivered by the Trustee upon the Written Request of the Agency, but only upon receipt by the Trustee of the following documents or money or securities:

(a) A certified copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) A Written Request of the Agency as to the authentication and delivery of such Additional Bonds;

(c) An opinion of Bond Counsel to the effect that: (1) the Indenture and all Supplemental Indentures thereto have been duly executed and delivered by, and constitute the valid and binding obligation of, the Agency (except as may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights, by application of equitable principles and by exercise of judicial discretion in appropriate cases); (2) the Indenture creates the valid pledge which it purports to create of the Tax Revenues as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (3) such Additional Bonds are valid and binding special obligations of the Successor Agency (except as may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights, by application of equitable principles and by exercise of judicial discretion in appropriate cases);

(d) A Written Request of the Agency containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture; and

(e) Such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Additional Bonds.

ARTICLE V

TAX REVENUES; CREATION OF FUNDS

Section 5.01 Pledge of Tax Revenues; Tax Increment Fund. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Tax Revenues and all amounts on deposit from time to time in the funds and accounts established hereunder (other than the Expense Account and the Rebate Fund) are hereby pledged to the payment of the principal of and interest on the Outstanding Bonds as provided herein. The Agency hereby irrevocably grants to the Trustee for the benefit of the Owners of the Outstanding Bonds a charge and lien on, and a security interest in, and hereby pledges and assigns, the Tax Revenues, whether held by the Agency, the County Auditor-Controller, the County Treasurer and Tax Collector or the Trustee, and all amounts in the funds and accounts established hereunder (other than the Expense Account and the Rebate Fund), including the "Successor Agency to the West Covina Redevelopment Agency Tax Increment Fund" (the "**Tax Increment Fund**"), which fund is hereby created by the Agency and which fund the Agency hereby covenants and agrees to maintain with the Trustee so long as any Bonds are Outstanding hereunder.

Notwithstanding the foregoing, in each Bond Year there shall not be delivered to the Trustee for deposit in the Tax Increment Fund any taxes eligible for allocation to the Agency pursuant to the Law in an amount in excess of that amount which, together with all money then on deposit with the Trustee in the Tax Increment Fund and the accounts therein, shall be sufficient to make all of the required deposits pursuant to Section 5.03. No additional bonds payable from Tax Revenues on a basis senior to or on parity with the Bonds will be issued except pursuant to Article IV.

The Agency covenants and agrees that, subject to the prior application and lien in favor of the Prior Agreements, or the prior application in accordance with any applicable Pass-Through Obligations, any Tax Revenues that the Agency receives will be held in trust hereunder and transferred to the Trustee within a reasonable period of time from the receipt by the Agency thereof, for deposit by the Trustee in the Tax Increment Fund, and will be accounted for through and held in trust in the Tax Increment Fund, and the Agency shall have no beneficial right or interest in any of

such money, except only as specifically provided otherwise in the Indenture. All such Tax Revenues, whether received by the Agency and held in trust pending transfer or deposited with the Trustee, shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency. Any Tax Revenues received in each Bond Year by the Trustee in the Tax Increment Fund (other than amounts deposited in the Reserve Account) in excess of the amounts required to be applied by the Trustee to satisfy the requirements of Section 5.03 shall be released from the pledge and lien hereunder and transferred to the Agency, and the Agency may use such Tax Revenues for any lawful purpose.

Pursuant to the laws of the State of California, including California Health and Safety Code Sections 34183 and 34170.5(b), the County Auditor-Controller is obligated to deposit the Tax Revenues into the Redevelopment Property Tax Trust Fund. In furtherance of this section and the Dissolution Act, and in accordance with the County Auditor-Controller's obligations as set forth in California Health and Safety Code Section 34183 and the Agency's irrevocable direction under Section 5.02(b), the Agency shall make all reasonable efforts within its power to cause the County Auditor-Controller: (1) to deposit the Tax Revenues into the Redevelopment Property Tax Trust Fund; (2) to allocate funds for the principal and interest payments due on the Outstanding Bonds and any deficiency in the Reserve Account pursuant to each valid Recognized Obligation Payment Schedule in accordance with the Dissolution Act and as provided in this section; and (3) to make the transfers to the Trustee required under Section 5.02.

The Agency will take all actions required under the Dissolution Act to include on its Recognized Obligation Payment Schedules for the applicable one year period (or other period required by the Law or final unappealable judicial decision) sufficient Tax Revenues to be transmitted to the Trustee: (A) to satisfy the requirements of the Indenture; (B) to pay principal and interest payments due on the Prior Agreements and the Outstanding Bonds; (C) to pay any Compliance Costs; (D) to pay any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement; and (E) to pay any deficiency in the reserve accounts under the Prior Agreements. The Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the County Auditor-Controller and the DOF (with a copy to the Authority) on or before each February 1 (or otherwise submit such schedules annually in accordance with the Law). The Agency shall submit each Recognized Obligation Payment Schedule to the DOF in the manner provided for by the DOF.

Expected Compliance Costs, if any, will be included in each Recognized Obligation Payment Schedule on the basis of information compiled by the Agency and the Authority and provided to the Agency on or before the fifth Business Day in August in each year. On or before the fifth Business Day of August in each year, the Trustee shall report to the Agency and the Authority its expected Compliance Costs for the next succeeding calendar year to be included on the Agency's Recognized Obligation Payment Schedules.

[The Tax Revenues due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on each January 2 shall equal 100% of the deposits required pursuant to Sections 5.01 and 5.02 for such calendar year, and shall include all amounts required to pay the entire Annual Debt Service for such calendar year due on the Outstanding Bonds (as shown in Appendix B), plus the amount of any deficiency in the Reserve Account, less the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission of the Recognized Obligation Payment

Schedule that are available to be applied to Annual Debt Service on the Outstanding Bonds in such calendar year.] **[To be confirmed if 100%, 50%/50% or something different]**

The Tax Revenues due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on each June 1 shall equal any amounts that were not received on January 2 of such calendar year but are required to pay Annual Debt Service for such calendar year due on the Outstanding Bonds (as shown in Appendix B), plus the amount of any deficiency in the Reserve Account, less the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission of the Recognized Obligation Payment Schedule pursuant to this section that are available to be applied to Annual Debt Service on the Outstanding Bonds in such calendar year.

Tax Revenues received by the Agency during the period commencing on January 3 of each calendar year and ending January 1 of the following calendar year that are in excess of the amount required to be deposited in the Tax Increment Fund on January 2 of the then-current calendar year shall, immediately following the deposit with the Trustee of the amounts required to be so deposited as provided in this section on each such January 2, be released from the pledge, security interest and lien hereunder for the security of the Outstanding Bonds, and may be applied by the Agency for any lawful purpose of the Agency, including but not limited to the payment of subordinate debt, or the payment of any amounts due and owing to the United States of America pursuant to Section 5.06. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Section 5.02 Receipt and Deposit of Tax Revenues; Irrevocable Direction to County Treasurer and Tax Collector and County Auditor-Controller.

(a) The Agency covenants and agrees that, subject to the prior application and lien in favor of the Prior Agreements, or the prior application in accordance with any applicable Pass-Through Obligations, all Tax Revenues, when and as received in accordance with Section 5.01, will be received by the Agency in trust hereunder and shall be deemed to be held by the Agency as agent for the Trustee. Not later than five (5) Business Days following the receipt of any Tax Revenues by the Agency, the Agency shall deposit such moneys in the Tax Increment Fund and such moneys will be accounted for through and held in trust in the Tax Increment Fund. The Agency shall have no beneficial right or interest in any of such moneys, except only as provided in the Indenture; provided that the Agency shall not be obligated to deposit in the Tax Increment Fund in any calendar year an amount which exceeds the amounts required to be transferred to the Trustee for deposited in the Tax Increment Fund pursuant to Section 5.01. All such Tax Revenues, whether received by the Agency in trust or deposited with the Trustee, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency.

(b) In order to assure that funds required to be deposited with the Trustee pursuant to this section are so deposited in a timely fashion, and to further secure the Bonds, the Agency hereby irrevocably authorizes and directs the County Treasurer and Tax Collector and the County Auditor-Controller to transfer any Agency funds then held in, or later received by the County Treasurer and Tax Collector and the County Auditor-Controller for deposit in, the Redevelopment Property Tax

Trust Fund, to the Trustee for deposit into the Tax Increment Fund in the amounts provided for in Section 5.01.

Section 5.03 Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund. Subject to the prior application and lien in favor of the Prior Agreements, or the prior application in accordance with any applicable Pass-Through Obligations, all Tax Revenues in the Tax Increment Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Tax Increment Fund (each of which is hereby created and each of which the Agency hereby covenants and agrees to cause to be maintained with the Trustee so long as the Bonds shall be Outstanding hereunder), in the following order of priority (except as otherwise provided in subsection (b) below):

- (1) Interest Account;
- (2) Principal Account;
- (3) Term Bonds Sinking Account;
- (4) Reserve Account; and
- (5) Expense Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized in this section.

(a) **Interest Account.** The Trustee shall set aside from the Tax Increment Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(b) **Principal Account.** The Trustee shall set aside from the Tax Increment Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on the Principal Payment Date in such Bond Year. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of principal of all Outstanding Serial Bonds becoming due and payable on the Principal Payment Date in such Bond Year. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying principal of the Serial Bonds as they shall become due and payable.

In the event that there shall be insufficient money in the Tax Increment Fund to pay in full all such principal and Sinking Account Installments due pursuant to subsection (c) in such Bond Year, then the money available in the Tax Increment Fund shall be applied *pro rata* to the payment of such principal and Sinking Account Installments in the proportion which all such principal and Sinking Account Installments bear to each other.

(c) Term Bonds Sinking Account. The Trustee shall deposit in the Term Bonds Sinking Account an amount of money which, together with any money contained therein, is equal to the Sinking Account Installments payable on the Sinking Account Payment Date in such Bond Year. No deposit need be made in the Term Bonds Sinking Account if the amount contained therein is at least equal to the aggregate amount of all Sinking Account Installments required to be made on the Sinking Account Payment Date in such Bond Year. All moneys in the Term Bonds Sinking Account shall be used and withdrawn by the Trustee solely for the purpose of purchasing or redeeming the Term Bonds in accordance with Section 2.04(c).

(d) Reserve Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Reserve Account such amount as may be necessary to maintain on deposit therein an amount equal to the Reserve Account Requirement. No deposit need be made into the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Account Requirement. All money in or credited to the Reserve Account shall be used and withdrawn by the Trustee: (i) to replenish the Interest Account, the Principal Account or the Term Bonds Sinking Account in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date, Principal Payment Date or Sinking Account Payment Date, respectively; (ii) to pay interest on or principal of the Bonds in the event that no other money of the Agency is lawfully available therefor; or (iii) to retire all Bonds then Outstanding, except that for so long as the Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Account Requirement shall be transferred to the Tax Increment Fund.

Notwithstanding anything to the contrary set forth herein, the Reserve Account may contain subaccounts therein that secure the Bonds or solely secure individual series of Additional Bonds as specified in a Supplemental Indenture, or the Reserve Account may be a subaccount within a reserve fund for the Bonds and individual series of Additional Bonds.

On any date on which Bonds are defeased in accordance with Section 11.02, the Trustee shall, if so directed in a Written Request of the Agency, transfer any moneys in the Reserve Account in excess of the Reserve Account Requirement resulting from such defeasance to the entity or fund so specified in such Written Request of the Agency, to be applied to such defeasance.

If at any time the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds or withdraws funds from the Reserve Account to pay principal and interest on the Bonds, the Trustee shall notify the Authority and the Agency in writing of such failure or withdrawal, as applicable.

Amounts drawn under the 2017 Reserve Policy shall be available only for the payment of scheduled principal and interest on the Series 2017 Bonds, respectively, when due.

The prior written consent of the Surety Provider shall be a condition precedent to the deposit of any Qualified Reserve Account Credit Instrument credited to the Reserve Account in lieu of a cash deposit into the Reserve Account.

(e) Expense Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Expense Account such amount as may be necessary to pay Compliance Costs from time to time. All moneys in the Expense Account shall be applied to the payment of Compliance Costs upon presentation of a Written Request of the Agency setting forth the amounts, purposes, the names of the payees and a statement that the amounts to be paid are proper charges against the

Expense Account. So long as any of the Bonds herein authorized, or any interest thereon, remain unpaid, the moneys in the Expense Account shall be used for no purpose other than those required or permitted by the Indenture and the Law.

Section 5.04 Investment of Moneys in Funds and Accounts. Moneys in the Tax Increment Fund and the Interest Account, the Principal Account, the Term Bonds Sinking Account and the Expense Account thereunder, upon the Written Request of the Authority (for so long as the Authority Trustee shall be owner of Bonds) on behalf of the Agency, shall be invested by the Trustee in Permitted Investments. If such instructions are not provided, the Trustee shall invest such funds in Permitted Investments described in clause (6) of the definition thereof. Moneys in the Interest Account representing accrued interest paid to the Agency upon the initial sale and delivery of any Bonds and in the Reserve Account, upon the Written Request of the Authority, shall be invested by the Trustee in Permitted Investments. Permitted Investments purchased with amounts on deposit in the Reserve Account shall have an average aggregate weighted term to maturity of not greater than five (5) years; provided, however, that if such investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Account may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. The obligations in which moneys in the Tax Increment Fund and the Interest Account, the Principal Account, the Term Bonds Sinking Account and the Expense Account thereunder are so invested shall mature prior to the date on which such moneys are estimated to be required to be paid out hereunder. Any interest, income or profits from the deposits or investments of all other funds and accounts held by the Trustee (other than the Expense Account and the Rebate Fund) shall be deposited in the Tax Increment Fund. For purposes of determining the amount on deposit in any fund or account held by the Trustee hereunder, all Permitted Investments credited to such fund or account shall be valued at the lower of cost or the market price thereof (excluding accrued interest and brokerage commissions, if any); provided that Permitted Investments credited to the Reserve Account shall be valued at market value (exclusive of accrued interest and brokerage commissions, if any), and any deficiency in the Reserve Account resulting from a decline in market value shall be restored to the Reserve Account Requirement no later than the next Bond Year. Amounts in the funds and accounts held by the Trustee under the Indenture shall be valued at least annually on the first day of August after the principal payment has been made.

The Agency acknowledges that to the extent that 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 will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Agency and the Authority with periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

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

Section 5.05 2017 Reserve Policy Payment and Reimbursement Provisions. [TO BE UPDATED TO REFLECT INSURER REQUIREMENTS] The following provisions shall govern in the event of a conflict with any contrary provision of the Indenture.

(a) The Agency shall repay, from available Tax Revenues on deposit in the Expense Account, any draws under the 2017 Reserve Policy and pay all related reasonable expenses incurred by the Surety Provider and shall pay interest thereon from the date of payment by the Surety Provider

at the Late Payment Rate. **“Late Payment Rate”** means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (**“Prime Rate”**) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the outstanding Series 2017 Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Surety Provider shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Surety Provider, with the same force and effect as if the Agency had specifically designated such extra sums to be so applied and the Surety Provider had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

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

Amounts in respect of Policy Costs paid to the Surety Provider shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Surety Provider on account of principal due, the coverage under the 2017 Reserve Policy will be increased by a like amount, subject to the terms of the 2017 Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Reserve Account shall be transferred to the Tax Increment Fund for payment of debt service on Bonds before any drawing may be made on the 2017 Reserve Policy or any other Qualified Reserve Account Credit Instrument credited to the Reserve Account in lieu of cash. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Account Credit Instrument(s) (including the 2017 Reserve Policy) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Qualified Reserve Account Credit Instrument(s) shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the

provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Upon a failure to pay Policy Costs when due or any other breach of the terms of this Section 5.05, the Surety Provider shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture, other than (i) acceleration of the maturity of the Series 2017 Bonds, if any, or (ii) remedies which would adversely affect owners of the Series 2017 Bonds.

(c) The Indenture shall not be discharged until all Policy Costs owing to the Surety Provider shall have been paid in full. The Agency's obligation to pay such amounts shall expressly survive payment in full of the Series 2017 Bonds.

(d) The Agency shall include any Policy Costs then due and owing the Surety Provider in the calculation of the additional bonds test.

(e) The Trustee will ascertain the necessity for a claim upon the 2017 Reserve Policy in accordance with the provisions of subparagraph (a) hereof and to provide notice to the Surety Provider in accordance with the terms of the 2017 Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2017 Bonds. Where deposits are required to be made by the Agency with the Trustee to the Tax Increment Fund for the Series 2017 Bonds more often than semi-annually, the Trustee shall be instructed to give notice to the Surety Provider of any failure of the Agency to make timely payment in full of such deposits within two business days of the date due.

(f) The Agency will pay or reimburse the Surety Provider any and all reasonable charges, fees, costs, losses, liabilities and expenses which the Surety Provider may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the 2017 Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture or any Related Documents, including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Agency) relating to Indenture or any other Related Document, any party to the Indenture or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture or any other Related Document, if any, or the pursuit of any remedies under the Indenture or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the 2017 Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by the Surety Provider to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Surety Provider spent in connection with the actions described in clauses (ii) through (v) above. the Surety Provider reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document. Amounts payable by the Agency hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Surety Provider until the date the Surety Provider is paid in full.

(g) The obligation of the Agency to pay all amounts due to the Surety Provider shall be an absolute and unconditional obligation of the Agency and will be paid or performed strictly in accordance with the provisions of this Section 5.05, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Series 2017 Bonds, the Indenture or any other Related Document, or (ii) any amendment or other modification of, or waiver with respect to the 2017 Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Series 2017 Bonds, the Indenture or any other Related Documents; (iv) whether or not such Series 2017 Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the 2017 Reserve Policy, the Indenture or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Agency may have at any time against the Trustee or any other person or entity other than the Surety Provider, whether in connection with the transactions contemplated herein or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the 2017 Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Surety Provider under the 2017 Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the 2017 Reserve Policy.

(h) The Agency shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the Surety Provider) of the Indenture, each of the provisions thereof being expressly incorporated into this Section 5.05 by reference solely for the benefit of the Surety Provider as if set forth directly herein. No provision of the Indenture or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of the Surety Provider which consent shall not be unreasonably withheld, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Agency hereunder or the priority accorded to the reimbursement of Policy Costs under the Indenture; provided that the Indenture may be amended without such consent in connection with the issuance of Additional Bonds pursuant to Article IV hereof.

(i) The Agency covenants to provide to the Surety Provider, promptly upon request, any information regarding the Series 2017 Bonds or the financial condition and operations of the Agency as reasonably requested by the Surety Provider. The Agency will permit the Surety Provider to discuss the affairs, finances and accounts of the Agency or any information the Surety Provider may reasonably request regarding the security for the Series 2017 Bonds with appropriate officers of the Agency and will use commercially reasonable efforts to enable the Surety Provider to have access to the facilities, books and records of the Agency on any Business Day upon reasonable prior notice.

Section 5.06 Rebate Fund.

(a) Establishment. The Trustee shall establish a fund for the Series 2017A Bonds designated the “Rebate Fund.” Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2017A Bonds will not be adversely affected, the Agency shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Series 2017A Bonds shall be governed

by this section and the Tax Certificate, unless and to the extent that the Agency delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2017A Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee: (i) shall be deemed conclusively to have complied with the provisions thereof if it follows all Written Requests of the Agency; (ii) shall have no liability or responsibility to enforce compliance by the Agency with the terms of the Tax Certificate; (iii) may rely conclusively on the Agency's calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review the Agency's calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of each Bond Year, the Agency shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the United States Department of the Treasury Regulations (the "**Treasury Regulations**") (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (*e.g.*, the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "**1½% Penalty**") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the "**Rebatable Arbitrage**"). The Agency shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year, upon the Written Request of the Agency, an amount shall be deposited to the Rebate Fund by the Trustee from any Tax Revenues legally available for such purpose (as specified by the Agency in the aforesaid Written Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon Written Request of the Agency, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Tax Increment Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Written Request of the Agency, to the United States Treasury, out of amounts in the Rebate Fund:

(1) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(2) Not later than 60 days after the payment of all of the Series 2017A Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Agency shall calculate or cause to be calculated the amount of such deficiency and deposit an

amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (prepared by the Agency), or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Series 2017A Bonds and the payments described in subsection (a) above being made may be withdrawn by the Agency and utilized in any manner by the Agency.

(c) Survival of Defeasance. Notwithstanding anything in this section to the contrary, the obligation to comply with the requirements of this section shall survive the defeasance or payment in full of the Series 2017A Bonds.

ARTICLE VI

COVENANTS OF THE AGENCY

Section 6.01 Punctual Payment. The Agency will punctually pay the principal of, premium, if any, and the interest to become due with respect to the Bonds, in strict conformity with the terms of the Bonds and the Indenture, and the Agency will faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and the Indenture.

Section 6.02 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, except as provided in the following sentence, will not issue any obligation or security superior to or on a parity with then Outstanding Bonds payable in whole or in part from the Tax Revenues (other than Additional Bonds in accordance with Section 4.01). The Agency shall refund outstanding Prior Agreements on a parity with the Bonds only to the extent that such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act.

Section 6.03 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 the Indenture, except subject to the prior payment in full of the principal of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 6.04 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: (a) the properties owned by the Agency; (b) the Tax Revenues or any part thereof; or (c) 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 6.05 Books and Accounts; Financial 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 transfers to the Trustee required under Section 5.02 for deposit into the Tax Increment Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection by the Trustee (who shall have no duty to inspect them), the County and the Owners of not less than ten per cent (10%) of the aggregate principal amount of Bonds Outstanding or their representatives authorized in writing.

The Agency will prepare and file with the County annually, so long as any Bonds are Outstanding, the audited financial statements of the Agency as part of the Annual Report (as defined in the Continuing Disclosure Agreement), provided, however, that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report and as soon as practicable if they are not available by such date.

Section 6.06 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 6.07 Payment of Taxes and Other Charges. The Agency will pay and discharge all taxes, service charges, assessments and other governmental charges which may be lawfully imposed upon the Agency or any properties owned by the Agency in the Project Areas, or upon the revenues therefrom, when the same shall become due; provided that nothing contained herein 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. In addition, the Agency covenants and agrees to pay all expenses of the Authority under the Trust Agreement.

Section 6.08 Amendment of Redevelopment Plans. The Agency will not amend the Redevelopment Plans except as provided in this section and as permitted by the Law. If the Agency proposes to amend a Redevelopment Plans, it shall cause to be filed with the Trustee 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 undertake such amendment. If the Consultant's Report concludes that Tax Revenues will be materially reduced by more than 10% by such proposed amendment, the Agency may not undertake such proposed amendment.

Section 6.09 [Reserved].

Section 6.10 Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Section 6.11 Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of the interest on the Series 2017A Bonds will not be adversely affected for federal income tax purposes, the Agency covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from

gross income with respect to the Series 2017A Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Agency will take no action or refrain from taking any action or make any use of the proceeds of the Series 2017A Bonds or of any other moneys or property which would cause the Series 2017A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The Agency will make no use of the proceeds of the Series 2017A Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Series 2017A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The Agency will make no use of the proceeds of the Series 2017A Bonds or take or omit to take any action that would cause the Series 2017A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The Agency will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the Series 2017A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The Agency will make no use of the proceeds of the Series 2017A Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Series 2017A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Agency takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Series 2017A Bonds for federal income tax purposes; and

(f) Miscellaneous. The Agency will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the Agency in connection with the issuance of the Series 2017A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the Agency from causing the Trustee to issue revenue bonds or to execute and deliver contracts payable on a parity with the Series 2017A Bonds, the interest with respect to which has been determined by an opinion of Bond Counsel to be subject to federal income taxation.

Section 6.12 Compliance with the Dissolution Act. The Agency covenants that in addition to complying with the requirements of Section 5.01, 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 seek all necessary successor agency or an oversight board approvals required under the Dissolution Act in order to assure compliance by the Agency with its covenants under the Indenture. Furthermore, the Agency will take all actions required under the Dissolution Act to file its Recognized Obligation Payment Schedules in a timely manner and to include on each Recognized Obligation Payment Schedule for each twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial

decision): (a) all payments expected to be made to the Trustee in order to satisfy the requirements of the Indenture; (b) any amounts required to pay amounts due under the Pass-Through Obligations and the Prior Agreements; (c)[a request to receive on each January 2 the Annual Debt Service for the Outstanding Bonds for the entire calendar year to which the Recognized Obligation Payment Schedule applies]; (d) any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement; (e) any deficiency in the reserve accounts under the Prior Agreements; (f) any Compliance Costs; and (g) any required debt service, reserve set-asides, and any other payments required under the Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the California Health and Safety Code, so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Trustee for deposit in the Tax Increment Fund on each January 2 amounts that are sufficient to pay the Annual Debt Service on the Outstanding Bonds coming due in the respective twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision). 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 twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision), as contemplated by Section 34171(d)(1)(A) of the Dissolution Act, which amounts are necessary to provide for the payment of principal of, premium, if any, and the 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 twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision).

Section 6.13 Negative Pledge. The Agency may not create or allow to exist any liens on Tax Revenues senior to (except as provided in the Prior Agreements) or on a parity with the Series 2017 Bonds except as provided in Article IV. The Agency may refund outstanding Prior Agreements on a basis senior to or on parity with the Bonds only to the extent that such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act.

Section 6.14 Adverse Change in State Law. If, due to an adverse change in State law resulting from legislation or the decision of a court of competent jurisdiction, the Agency determines that it can no longer comply with Section 6.12, then the Agency shall immediately notify the County Auditor-Controller and the Trustee in writing of such determination. The Agency shall immediately seek a declaratory judgment or take other appropriate action in a court of competent jurisdiction to determine the duties of all parties to the Indenture, including the County Auditor-Controller and the Agency, with regard to the performance of Section 6.12 by the Agency. The Trustee may, but is in no event obligated to, participate in the process of seeking such declaratory judgment in order to protect its rights hereunder. Any reasonable fees and expenses incurred by the Trustee (including, without limitation, legal fees and expenses) in connection with such participation shall be borne by the Agency.

Section 6.15 Credits to Redevelopment Obligation Retirement Fund. The Agency covenants, subject to the prior application and lien in favor of the Prior Agreements, to credit all Tax Revenues withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Trustee for the payment of the Bonds, to the Redevelopment Obligation Retirement Fund established pursuant to Section 34170.5 of the California Health and Safety Code.

Section 6.16 Compliance Costs. The Agency, to the fullest extent permitted by law, shall pay the annual Compliance Costs, from amounts on deposit in the Expense Account, including fees and disbursements of the consultants and professionals engaged in connection with the Bonds and costs of the Agency, the Trustee, the Authority and the Authority Trustee, payable from the Redevelopment Property Tax Trust Fund.

Section 6.17 Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, subject to the obligations agreed to be undertaken by the Authority. Notwithstanding any other provision of the Indenture, the Agency's failure to comply with the Continuing Disclosure Agreement shall not be considered an event of default; provided, however, that the Trustee, at the written request of any Participating Underwriter (as such term is defined in the Continuing Disclosure Agreement) or the owners of at least 25% aggregate principal amount of Authority Bonds Outstanding, shall to the extent that the Trustee is indemnified to its satisfaction from and against any liability or expense related thereto, or any Bondowner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Agency to comply with its obligations under this section and the Continuing Disclosure Agreement. For purposes of this section, "**Beneficial Owner**" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Authority Bonds (including persons holding Authority Bonds through nominees, depositories or other intermediaries).

Section 6.18 Approval of Program Documents and Indemnification. The Agency has approved participation in the Refunding Program and forms of the Authority Bonds, the Trust Agreement, and the Local Obligation Purchase Contract, including the indemnification set forth in Section 5 of the Local Obligation Purchase Contract for the benefit of the Authority and the County with respect to the County Auditor-Controller's transfer of funds pursuant to Section 5.02(b) of the Indenture.

ARTICLE VII

THE TRUSTEE

Section 7.01 Appointment and Acceptance of Duties. The Trustee hereby accepts and agrees to the trusts hereby created.

Section 7.02 Duties, Immunities and Liability of Trustee.

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

(b) The Agency may, in the absence of an Event of Default, and upon receipt of an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in

writing), or if at any time the Trustee shall cease to be eligible in accordance with subsection (e), or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation, shall remove the Trustee by giving written notice of such removal to the Trustee, and thereupon the Agency shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may, subject to subsection (d), resign by giving written notice of such resignation to the Agency and the Surety Provider and by giving notice of such resignation by mail, first class postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing and shall notify the Surety Provider of such appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of such appointment. If no successor Trustee shall have been appointed and shall have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition, at the expense of the Agency, any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Trustee, a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all of the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, at the written request of the Agency or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for fully and certainly vesting in and confirming to such successor Trustee all right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth herein. Upon request of the successor Trustee, the Agency shall execute and deliver any and all instruments as may be reasonably required for fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder by first class mail, postage prepaid, to the Owners at their addresses listed in the Bond Register.

(e) Any Trustee appointed under the provisions of this section shall be a trust company or bank having the powers of a trust company or authorized to exercise trust powers, having a corporate trust office in California, having (or in the case of a bank, trust company or bank holding company which is a member of a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least one hundred million dollars (\$100,000,000), and be subject to supervision or examination by federal or state authority. If such bank, trust company or bank holding company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purpose of this subsection the combined capital and surplus of such bank, trust company or bank holding company shall be deemed to be its combined capital and surplus as set forth in its most

recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection, the Trustee shall resign immediately in the manner and with the effect specified in this section.

(f) No provision in the Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder unless the Owners shall have offered to the Trustee security or indemnity that the Trustee deems reasonable against the costs, expenses and liabilities that may be incurred.

(g) In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

(h) The Trustee makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Agency of the funds under the Indenture.

(i) The Trustee shall not be responsible for the recording or filing of any document relating to the Indenture or of financing statements (or continuation statements in connection therewith). The Trustee shall not be deemed to have made representations as to the security afforded thereby or as to the validity, sufficiency or priority of any such document, collateral or security for the Bonds.

(j) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a Responsible Officer shall have actual knowledge thereof at the Trustee's Principal Corporate Trust Office.

(k) The Trustee shall not be accountable for the use or application by the Agency or any other party of any funds which the Trustee has released under the Indenture.

(l) The Trustee shall provide a monthly accounting of all funds held pursuant to the Indenture to the Agency within fifteen (15) Business Days after the end of each month and shall provide statements of account for each annual period beginning October 1 and ending September 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all transactions made by the Trustee under the Indenture during the accounting period and the balance in any funds and accounts created under the Indenture as of the beginning and close of such accounting period.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law.

(n) The permissive rights of the Trustee to do things enumerated in the Indenture shall not be construed as a duty unless so specified herein.

(o) The Trustee may appoint and act through an agent and shall not be responsible for any misconduct or negligence of any such agent appointed with due care.

(p) The Trustee will not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations

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

Section 7.03 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated, any company resulting from any merger, conversion or consolidation to which the Trustee 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 is eligible under Section 7.02(e), shall succeed to the rights and obligations of such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 7.04 Compensation. The Agency shall pay to the Trustee compensation for its services rendered hereunder and reimburse the Trustee for reasonable expenses, disbursements and advances, including attorney's and agent's fees and expenses, incurred by the Trustee in the performance of its obligations hereunder.

The Agency agrees, to the extent permitted by law, to indemnify the Trustee and its officers, directors, employees, attorneys and agents for, and to hold it harmless against, any loss, liability or expense incurred without negligence or willful misconduct on its part arising out of or in connection with: (i) the acceptance or administration of the trusts imposed by the Indenture, including performance of its duties hereunder and the costs and expenses of defending itself against any claims or liability in connection with the exercise or performance of any of its powers or duties hereunder; (ii) the Local Obligations; (iii) the sale of any Bonds or the purchase of any Local Obligations and the carrying out of any of the transactions contemplated by the Bonds; or (iv) any untrue statement of any material fact or omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document utilized by the Agency or under its authority in connection with the sale of the Bonds. The Agency's obligations hereunder with respect to indemnity of the Trustee and the provision for its compensation set forth in this Article shall survive and remain valid and binding notwithstanding the maturity and payment of the Bonds or the resignation or removal of the Trustee.

The Trustee shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth in the contract of purchase for sale of the Bonds are satisfied, or that all documents required to be delivered on the closing date to the parties are actually delivered, except its own responsibility to receive or deliver the proceeds of the sale, deliver the Bonds and other certificates expressly required to be delivered by it and its counsel.

Section 7.05 Liability of Trustee. The recitals of facts herein and in the Bonds shall be taken as statements of the Agency. The Trustee does not assume any responsibility for the correctness of the same, does not make any representations as to the validity or sufficiency of the Indenture or of the Bonds, and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it;

provided that the Trustee shall be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Trustee (in its individual or any other capacity) may become the Owner of Bonds with the same rights it would have if it were not Trustee hereunder, and, to the extent permitted by law, may act as depository for and permit any of its officers, directors and employees to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of the Indenture) of the Bonds then Outstanding. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of the Indenture) of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, hereunder. Whether or not expressly so provided herein, every provision of the Indenture or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

Section 7.06 Right to Rely on Documents. The Trustee may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond 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 may consult with counsel, who may be counsel of or to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection for any action taken or suffered or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof is specifically prescribed herein) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Officer's Certificate shall be full warrant to the Trustee for any action taken or suffered or omitted in good faith under the provisions of the Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney-at-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of the Indenture, if such attorney-at-law or certified public accountant was selected by the Trustee with due care.

Section 7.07 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection by the Agency, the Authority and Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Bonds, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 7.08 Indemnity for Trustee. Before taking any action or exercising any rights or powers under the Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and all liability that it may suffer, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

ARTICLE VIII

EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF THE BONDS

Section 8.01 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by the Indenture to be signed or executed by the Owners may be in any number of concurrent instruments by different parties and may be signed or executed by such Owners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of the Bonds shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted by either of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before such officer the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the ownership of the Bonds under the Indenture by any Owner and the serial numbers of such Bonds and the date of his ownership of the same shall be proved by the Bond Register.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in this Article stated which to it may seem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond and any Bond or Bonds issued in exchange or substitution therefor or upon the registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

ARTICLE IX

AMENDMENT OF THE INDENTURE

Section 9.01 Amendment by Consent of Owners.

(a) The Indenture and the rights and obligations of the Agency and the Owners may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of sixty per cent (60%) in aggregate principal amount of Bonds Outstanding, exclusive of Bonds disqualified as provided in Section 9.02, are filed with the Trustee; provided that no such amendment shall: (i) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Agency to pay the interest or principal of, and premium, if any, at the

time and place and at the rate and in the currency provided herein of any Bond, without the express written consent of the Owner of such Bond; (ii) 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 in the Indenture for the benefit of the Bonds, without the express written consent of the Owner of such Bond; (iii) reduce the percentage of Bonds required for the written consent to any such amendment, without the express written consent of the Owner of such Bond; or (iv) modify the rights or obligations of the Trustee without its prior written assent thereto.

(b) The Indenture and the rights and obligations of the Agency and the Owners may also be amended at any time (provided that the Indenture may be amended without such consent in connection with the issuance of Additional Bonds pursuant to Article IV), by a Supplemental Indenture which shall become binding upon adoption, without the consent of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

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

(ii) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Agency may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(iii) To provide for the issuance of any Additional Bonds, and to provide the terms and conditions under which such Additional Bonds may be issued, subject to and in accordance with the provisions of Article IV;

(iv) To modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(v) To maintain the exclusion of interest on the Tax-Exempt Authority Bonds from gross income for federal income tax purposes;

(vi) To modify, amend or supplement the Indenture in such manner as to conform to changes in the Dissolution Act so long as there is no material adverse effect to holders of the Bonds; or

(vii) To obtain a bond insurance policy or a rating on the Bonds.

Section 9.02 Disqualified Bonds. Bonds owned or held by or for the account of the Agency shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article, and shall not be entitled to consent to, or take any other action provided for in this Article.

Section 9.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as provided in this Article, the Agency may determine that the Bonds may bear a notation, by endorsement in form approved by the Agency, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of such Owner's Bond for the purpose at the Principal Corporate Trust Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bond. If the Agency shall so determine, new Bonds so modified as, in the opinion of the Agency, shall be necessary to conform to such action shall be prepared and executed, and in that case, upon demand of the Owner of any Bond Outstanding at such effective date, such new Bonds shall be exchanged at the Principal Corporate Trust Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Section 9.04 Amendment by Mutual Consent. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 9.05 Opinion of Counsel. The Trustee may request and conclusively accept an opinion of counsel to the Agency that an amendment of the Indenture is in conformity with the provisions of this Article.

Section 9.06 Notice to Rating Agencies. The Agency shall provide each rating agency rating the Authority Bonds with a notice of any amendment to the Indenture pursuant to this Article and a copy of any Supplemental Indenture at least 15 days in advance of its execution.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 10.01 Events of Default and Acceleration of Maturities. The following events constitute "Events of Default" hereunder:

(a) Default in the due and punctual payment of the principal of, or premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(c) Default by the Agency in the observance of any of the agreements, conditions or covenants on its part contained in the Indenture or in the Bonds, which default continues for a period of thirty (30) days after the Agency has been given notice in writing of such default by the Trustee; provided, however, that such default shall not constitute an Event of Default hereunder if the Agency shall commence to cure such default within said 30-day period and thereafter diligently and in good faith proceed to cure such default within a reasonable period of time not to exceed 60 days after such notice; or

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

In each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of Bonds Outstanding, shall, by notice in writing to the Agency, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

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 money due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Outstanding Bonds and any Additional Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of ten per cent (10%) per annum on such overdue installments of principal and interest, and the reasonable 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 Outstanding Bonds and any Additional 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 twenty-five per cent (25%) in aggregate principal amount of Bonds 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. 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 10.02 Application of Funds Upon Acceleration. All money in the funds and accounts provided for in the Indenture upon the date of the declaration of acceleration by the Trustee as provided in Section 10.01, and subject to the prior application and lien in favor of the Prior Agreements, or the prior application in accordance with any applicable Pass-Through Obligations, all Tax Revenues thereafter received by the Agency hereunder, shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this Article, including reasonable compensation to its agents, attorneys and counsel and then to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents, attorneys and counsel;

Second, upon presentation of the Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid: (A) to the payment of the whole amount then owing and unpaid upon the Outstanding Bonds and any Additional Bonds for principal of, and interest on the Outstanding Bonds and any Additional Bonds, with interest on the overdue interest and principal at the rate of eight per cent (8%) per annum; and (B) in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the

Outstanding Bonds and any Additional Bonds, then to the payment of such interest, principal, and interest on overdue interest and principal, without preference or priority among such interest, principal, and interest on overdue interest and principal, ratably to the aggregate of such interest, principal, and interest on overdue interest and principal.

Section 10.03 Trustee to Represent Bondowners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and owning the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners of the Bonds, the Trustee in its discretion may, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Indenture, the Law or any other law. All rights of action under the Indenture, 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 all of the Owners of such Bonds, subject to the provisions of the Indenture.

Section 10.04 Bondowners' Direction of Proceedings. The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder; provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction.

Section 10.05 Limitation on Bondowners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Law or any other applicable law with respect to such Bond, unless: (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted herein or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy

hereunder or under law; it being understood and intended that no one or more Owner of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Indenture, the Law or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Section 10.06 Non-Waiver. Nothing in this Article or in any other provision of the Indenture, or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of, and the interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Tax Revenues pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture.

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

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

Section 10.07 Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or the Owners herein 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 XI

DEFEASANCE

Section 11.01 Discharge of Indebtedness.

(a) If: (i) the Agency shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein; and (ii) all other amounts due and payable hereunder shall have been paid, then the Owners shall cease to be entitled to the lien created hereby, and all agreements, covenants and other obligations of the Agency hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Agency all money or

securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of subsection (a), when any Bond shall have been paid and if, at the time of such payment, the Agency shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then: (i) the Indenture shall be considered to have been discharged in respect of such Bond; (ii) such Bond shall cease to be entitled to the lien created hereby; and (iii) all agreements, covenants and other obligations of the Agency hereunder shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds and the duties of the Trustee in connection with all of the foregoing shall remain in effect and be binding upon the Trustee and the Owners, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of the Bonds the funds so held by the Trustee as and when such payment becomes due.

Section 11.02 Bonds Deemed to Have Been Paid.

(a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in Section 11.01. Any Outstanding Bond shall, prior to the maturity date or redemption date thereof, be deemed to have been paid within the meaning of and with the effect expressed in Section 11.01 if:

(i) there shall have been deposited with the Trustee either: (A) money in an amount which shall be sufficient; or (B) Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond; and

(ii) in the event that such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Agency shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bond that the deposit required by clause (i) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

Neither the money nor the Federal Securities deposited with the Trustee pursuant to this subsection in connection with the deemed payment of Bonds, nor principal or interest payments on any such Federal Securities, shall be withdrawn or used for any purpose other than, and shall be held

in trust for and pledged to, the payment of the principal of and, premium, if any, and interest on such Bonds.

(b) No Bond shall be deemed to have been paid pursuant to clause (i)(B) of subsection (a) unless the Agency shall cause to be delivered: (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Agency and the Trustee; (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (i)(B) of subsection (a) resulting in such deemed payment, which escrow agreement shall provide that no substitution of Federal Securities shall be permitted except with other Federal Securities and upon delivery of a new Verification Report and that no reinvestment of Federal Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report; and (iii) a copy of an opinion of counsel of recognized standing in the field of law relating to municipal bonds, dated the date of such deemed payment and addressed to the Agency and the Trustee, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Indenture, and that all agreements, covenants and other obligations of the Agency hereunder as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

(c) The Trustee is entitled to rely upon: (i) an opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that the conditions precedent to a deemed payment pursuant to clause (ii) of subsection (a) have been satisfied; and (ii) such other opinions, certifications and computations, of accountants or other financial consultants concerning the matters described clause (i) of subsection (a).

ARTICLE XII

MISCELLANEOUS

Section 12.01 Liability of Agency Limited to Tax Revenues. The Agency shall not be required to advance any money derived from any source of income other than the Tax Revenues for the payment of the principal of and the interest on the Bonds or for the performance of any covenants contained herein, other than the covenants contained in Section 5.06. The Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

The Bonds are special obligations of the Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues, and the Agency is not obligated to pay them except from the Tax Revenues. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues, and the Tax Revenues constitute a trust fund for the security and payment of the principal of and the interest on the Bonds, to the extent set forth in the Indenture. The Bonds are not a debt of the City, the County, the State of California or any other political subdivision of the State, and neither said City, said State, said County nor any of the State's other political subdivisions is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the officers of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Section 12.02 Parties Interested Herein. Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Agency, the Authority, the Trustee, the Surety

Provider and the Owners any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Agency or any member or officer or employee of the Agency shall be for the sole and exclusive benefit of the Authority, the Trustee, the Surety Provider and the Owners.

Section 12.03 Unclaimed Moneys. Notwithstanding anything to the contrary herein, any money held by the Trustee in trust for the payment and discharge of the interest on, or principal or premium, if any, of any Bond which remains unclaimed for two (2) years after the date when such amounts have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such amounts have become payable, shall be paid by the Trustee to the Agency as its absolute property free from trust. The Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of such amounts; provided, that before being required to make any such payment to the Agency, the Trustee shall, at the expense of the Agency, give notice by first class mail to all Owners that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Agency.

Section 12.04 Moneys Held for Particular Bonds. The money held by the Trustee for the payment of the principal of, premium or interest on particular Bonds due on any date (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 12.03, but without any liability for interest thereon.

Section 12.05 Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture the Agency is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Agency that are presently vested in the Agency, and all of the agreements, covenants and provisions contained in the Indenture by or on behalf of the Agency or officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 12.06 Execution of Documents by Owners. Any request, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or such Owner's 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 or territory in which such notary public or other officer purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the Bond Register provided for in Section 2.12.

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

Section 12.07 Waiver of Personal Liability. No officer or employee of the Agency shall be individually or personally liable for the payment of the principal of, premium, if any, and the interest on the Bonds; but nothing herein contained shall relieve any officer or employee of the Agency from the performance of any official duty provided by law.

Section 12.08 Acquisition of Bonds by Agency. All Bonds acquired by the Agency, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 12.09 Destruction of Cancelled Bonds. Whenever in the Indenture provision is made for return to the Agency of any Bonds which have been cancelled pursuant to the provisions of the Indenture, the Agency may, by a Written Request of the Agency, direct the Trustee to destroy such Bonds and furnish a certificate of such destruction to the Agency.

Section 12.10 Content of Certificates and Reports. Every certificate or report with respect to compliance with a condition or covenant provided for in the Indenture shall include: (a) a statement that the person or persons making or giving such certificate or report have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or report are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Agency may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate, opinion or representations with respect to the matters upon which the certificate is based are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate, opinion or representation made or given by counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Agency, upon the certificate or opinion of or representations by an officer or officers of the Agency, unless such counsel knows that the certificate, opinion or representations with respect to the matters upon which such certificate, opinion or representation is based are erroneous, or in exercise of reasonable care should have known that the same were erroneous.

Section 12.11 Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Agency or the Trustee may be established and maintained in the accounting records of the Agency or the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

Section 12.12 Article and Section Headings and References. The headings or titles of the several Articles and sections hereof, and the table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Indenture.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions of the Indenture; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof.

Section 12.13 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof provided in the Indenture to be performed on the part of the Agency (or of the Trustee) are contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the Indenture or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The Agency hereby declares that it would have entered into the Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 12.14 Notices. All notices required to be given hereunder to the Agency, the Trustee and the Surety Provider, shall be sent to the following addresses:

Agency: Successor Agency to the West Covina Redevelopment
Agency
1444 West Garvey Avenue
West Covina, California 91790
Attention: Chief Executive Officer

Trustee: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust Services

Authority: County of Los Angeles Redevelopment Refunding
Authority
c/o County of Los Angeles
500 West Temple Street, Room 437
Los Angeles, California 90012
Attention: Treasurer and Tax Collector

Authority Trustee: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust Services

Surety Provider: [TO COME]

Section 12.15 Surety Provider as Third Party Beneficiary. The Surety Provider is hereby expressly made a third party beneficiary of the Indenture and each other Related Document.

Section 12.16 California Law. The Indenture shall be construed and governed in accordance with the laws of the State of California.

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IN WITNESS WHEREOF, the Agency and the Trustee have entered into the Indenture of Trust by their officers thereunto duly authorized as of the day and year first above written.

**SUCCESSOR AGENCY TO THE WEST
COVINA REDEVELOPMENT AGENCY**

By: _____
Executive Director

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

By: _____
Authorized Officer

APPENDIX A
FORM OF BOND

No. _____ \$ _____

**SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BOND
SERIES [2017A (TAX EXEMPT)] [2017B (FEDERALLY TAXABLE)]**

DATED DATE:	MATURITY DATE:	RATE OF INTEREST:
_____, 2017	September 1, 20__	%

Registered Owner: U.S. BANK NATIONAL ASSOCIATION, as Authority Trustee

Principal Amount: _____

The Successor Agency to the West Covina Redevelopment Agency a public body, corporate and politic, duly organized and existing under and pursuant to the laws of the State of California (the "Agency"), for value received, hereby promises to pay to the registered owner specified above, or registered assigns, on the Maturity Date specified above the Principal Amount specified above, together with interest thereon from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to the first interest payment date in which event it shall bear interest from the Dated Date) until the principal hereof shall have been paid, at the Rate of Interest specified above, payable semiannually on ____ 1 and ____ 1, commencing ____ 1, 2017. Both the interest hereon and principal hereof are payable in lawful money of the United States of America. The principal (or redemption price) hereof is payable by U.S. Bank National Association, as trustee (the "Trustee"), by wire transfer in immediately available funds to an account within the United States designated by the Authority Trustee as Registered Owner at maturity or upon the prior redemption thereof. Interest hereon is payable to the person in whose name this Bond is registered at the close of business on the fifteenth (15th) day of the calendar month preceding the interest payment date (the "Record Date"), such interest to be paid in immediately available funds by wire transfer to the Authority Trustee, as registered owner, to an account within the United States designated by such registered owner prior to the Record Date, or if otherwise instructed, by check mailed to such registered owner at its address as it appears on such books or at such other address as it may have filed with the Trustee for that purpose prior to the Record Date.

This Bond is a duly authorized issue of the Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series [2017A (Tax Exempt)] [2017B (Federally Taxable)] (the "Series [2017A] [2017B] Bonds"), limited in aggregate principal amount to \$[_____] [_____] all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of the Community Redevelopment Law of the State of California, as amended including, without limitation, by Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) (the "Law"), and pursuant to the provisions of the Indenture of Trust, dated as of ____ 1, 2017 (the "Indenture"), by and between the Agency and U.S. Bank National Association, as trustee.

Simultaneously with the issuance of the Series [2017A] [2017B] Bonds, the Agency is issuing its Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series [2017B (Federally Taxable)] [2017A (Tax Exempt)] (the “Series [2017B] [2017A] Bonds” and, together with the Series [2017A] [2017B] Bonds, the “Bonds”), in the aggregate principal amount of \$[_____] [_____]. The Series [2017B] [2017A] Bonds are on a parity with the Series [2017A] [2017B] Bonds. Pursuant to and as more particularly provided in the Indenture, Additional Bonds may be issued by the Agency payable from Tax Revenues as provided in the Indenture.

All Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture, and reference is hereby made to the Indenture, to any resolutions supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds; and all of the terms of the Indenture and the Law are hereby incorporated herein and constitute a contract between the Agency and the registered owner from time to time of this Bond. The registered owner of this Bond, by such owner’s acceptance hereof, consents and agrees to all of the provisions of this Bond and the Indenture. Each registered owner hereof shall have recourse to all of the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are issued to provide funds to aid in refunding outstanding bonds of the Agency as more particularly described in the Indenture. The Bonds are special obligations of the Agency and are payable, as to interest thereon, principal thereof and any premiums upon the redemption thereof, exclusively from the Tax Revenues (as such term is defined in the Indenture and herein called the “Tax Revenues”), and the Agency is not obligated to pay them except from the Tax Revenues. The Bonds are equally secured by a pledge of, charge and lien upon the Tax Revenues, and the Tax Revenues constitute a trust fund for the security and payment of the principal of, premium, if any, and the interest on the Bonds.

The Agency hereby covenants and warrants that, for the payment of the principal of, premium, if any, and the interest on this Bond and all other Bonds issued under the Indenture when due, there has been created and will be maintained by the Trustee a special fund into which Tax Revenues shall be deposited, as provided in the Indenture, and as an irrevocable charge the Agency has allocated the Tax Revenues solely to the payment of the principal of, premium, if any, and the interest on the Bonds to the extent set forth in the Indenture, and the Agency will pay promptly when due the principal of, premium, if any, and the interest on this Bond and all other Bonds of this issue out of said special fund, all in accordance with the terms and provisions set forth in the Indenture.

The Series [2017A] [2017B] Bonds shall be subject to redemption on the dates, in the amounts and in the manner provided therefor in the Indenture.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owners of at least twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding.

The Bonds are issuable only in the form of fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof (not exceeding the principal amount of Bonds maturing at any one time). The owner of any Bond or Bonds may surrender the same at the above-mentioned office of the Trustee in exchange for an equal aggregate principal amount of fully registered Bonds of any other authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person, or by such owner's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner's duly authorized attorney, and thereupon a new fully registered Bond or Bonds, in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Agency and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other 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 of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such amendment shall: (1) extend the maturity of this Bond, or reduce the interest rate hereon, or otherwise alter or impair the obligation of the Agency to pay the interest hereon or principal hereof or any premium payable on the redemption hereof at the time and place and at the rate and in the currency provided herein, without the express written consent of the registered owner of this 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 in the Indenture for the benefit of the Bonds and all additional tax allocation bonds authorized by the Indenture; (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture; or (4) modify any rights or obligations of the Trustee without its prior written assent thereto; all as more fully set forth in the Indenture.

This Bond is not a debt of the City of West Covina, the County of Los Angeles, the State of California or any other political subdivision of the State, and neither said City, said State, said County nor any of the State's other political subdivisions is liable therefor, nor in any event shall this Bond be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. This Bond does not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the officers of the Agency nor any persons executing this Bond are liable personally on this Bond by reason of its issuance.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit

prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

Capitalized terms used herein but not defined shall have the meanings ascribed thereto in the Indenture.

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IN WITNESS WHEREOF, the Successor Agency to the West Covina Redevelopment Agency has caused this Bond to be executed in its name and on its behalf by its Chief Executive Officer, acting for the Successor Agency to the West Covina Redevelopment Agency, and has caused this Bond to be dated as of the date above written.

**SUCCESSOR AGENCY TO THE WEST
COVINA REDEVELOPMENT AGENCY**

By: _____
Chairman

**[FORM OF TRUSTEE CERTIFICATE OF AUTHENTICATION
AND REGISTRATION TO APPEAR ON BONDS]**

This is one of the Series [2017A] [2017B] Bonds described in the within-mentioned Indenture, which has been authenticated and registered on the date set forth below.

DATED: _____, 2017

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Authorized Officer

[FORM OF ASSIGNMENT TO APPEAR ON BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned registered Bond and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer the same on the bond register of the Trustee, with full power of substitution in the premises.

Date: _____

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

Signature Guaranteed:

Notice: Signature must be guaranteed by an eligible guarantor institution.

APPENDIX B

**SCHEDULE OF SEMI-ANNUAL AND ANNUAL INTEREST AND
PRINCIPAL PAYMENTS OF THE SERIES 2017 BONDS**

SERIES 2017A BONDS

Annual Interest and Principal Payments

<i>Period</i>			
<i>Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Debt Service</i>

Semi-Annual Interest and Principal Payments

<i>Period Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
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SERIES 2017B BONDS

Annual Interest and Principal Payments

<i>Period Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Debt Service</i>
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Semi-Annual Interest and Principal Payments

<i>Period Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
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APPENDIX C

REFUNDED OBLIGATIONS

1. \$12,200,000 Redevelopment Agency of the City of West Covina Tax Allocation Revenue Refunding Bonds, Series 2002
2. \$11,275,000 Redevelopment Agency of the City of West Covina Housing Set-Aside Tax Allocation Revenue Bonds, Series 2001
3. Loan Agreement dated as of November 1, 1999, by and between the West Covina Public Financing Authority and the Former RDA entered into in connection with the issuance of the \$3,945,000 West Covina Public Financing Authority Taxable Variable Rate Demand Tax Allocation Bonds, Series 1999 (Redevelopment Agency of the City of West Covina-West Covina Redevelopment Project-Subordinate Lien)
4. \$4,945,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Series A
5. \$1,200,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Taxable Series B

APPENDIX D

[RESERVED]

APPENDIX E

LIST OF PASS-THROUGH AGREEMENTS (all of which relate to the Merged Project Area)

1. Agreement for Allocation of Tax Increment Funds with West Covina Unified School District, dated April 24, 1989
2. Agreement for Allocation of Tax Increment Funds with County of Los Angeles, dated February 11, 1985
3. Agreement for Allocation of Tax Increment Funds with Covina Valley Unified School District, dated April 24, 1989
4. Agreement for Allocation of Tax Increment Funds with County of Los Angeles, dated June 19, 1990
5. Agreement for Allocation of Tax Increment Funds with Mount San Antonio Community College District, dated April 24, 1989
6. Agreement for Allocation of Tax Increment Funds with Rowland Unified School District, dated April 24, 1989
7. Agreement for Reimbursement of Tax Increment Funds with the County of Los Angeles, Los Angeles County Public Library, the Los Angeles County Flood Control District and the Los Angeles County Office of Education dated August 9, 1993
8. Agreement for Allocation of Tax Increment Funds with Mount San Antonio Community College District, dated November 17, 1993
9. Agreement for Allocation of Tax Increment Funds with Covina Valley Unified School District, dated November 2, 1993
10. Agreement for Allocation of Tax Increment Funds with West Covina Unified School District, dated December 14, 1993

APPENDIX F

PRIOR AGREEMENTS

1. Owner Participation Agreement with Sylvan S. Shulman Co./West Covina Associates, dated June 26, 1989, as amended

ESCROW AGREEMENT

by and between

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

and

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

Dated as of ____ 1, 2017

Relating to the

[REFUNDED BONDS]

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “**Escrow Agreement**”), dated as of ____ 1, 2017, is entered into by and between the Successor Agency to the West Covina Redevelopment Agency (the “**Agency**”), and U.S. Bank National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, as Trustee (as such term is defined herein) and as escrow agent (the “**Escrow Agent**”).

RECITALS

A. Pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California, referred to herein as the “**Law**”), the City Council of the City of West Covina (the “**City**”) created the former West Covina Community Development Commission (the “**Former RDA**”).

B. In 20__, the Former RDA issued its \$_____ aggregate principal amount of _____ (the “**Refunded Bonds**”), of which \$_____ are currently outstanding.

C. The Refunded Bonds were issued pursuant to an Indenture of Trust, dated as of ____ 1, 20__ (the “**Indenture**”), by and between the Former RDA and U.S. Bank National Association, as trustee (the “**Trustee**”).

D. Section __ of the Indenture provides for the redemption of the Refunded Bonds upon payment to the Trustee of amounts sufficient to pay all payments and redemption premiums on the Refunded Bonds, as provided for in Section __ of the Indenture.

E. California Assembly Bill No. 26 (First Extraordinary Session) (“**AB X1 26**”) enacted on June 28, 2011, dissolved all redevelopment agencies in existence in the State of California (the “**State**”) as of February 1, 2012, and designated successor agencies and oversight boards to satisfy enforceable obligations of the former redevelopment agencies and wind down the activities of the former redevelopment agencies.

F. Pursuant to AB X1 26, on _____, 2012, the City Council of the City, pursuant to Resolution No. _____, elected to become the successor agency for the Former RDA, and named the Successor Agency the Successor Agency to the West Covina Redevelopment Agency (the “**Agency**”).

G. Assembly Bill No. 1484 (“**AB 1484**”), which was enacted on June 27, 2012, provides a mechanism to refund outstanding bonds or other indebtedness of dissolved redevelopment agencies under certain circumstances.

H. The Agency has determined to issue its Tax Allocation Revenue Refunding Bonds, Series ____ (the “**Local Obligations**”), a portion of the proceeds of which will be applied to redeem and defease the Refunded Bonds in accordance with the terms thereof.

I. The County of Los Angeles (the “**County**”), a political subdivision of the State and taxing entity recipient of property tax revenues, has developed a program (the “**Refunding Program**”) to assist successor agencies within the County in refunding bonds or other indebtedness

pursuant to AB 1484 in order to provide debt service savings to participating successor agencies within the County, efficiencies in issuance and cost of issuance savings.

J. In order to facilitate the Refunding Program, the County of Los Angeles Redevelopment Refunding Authority (the “**Issuer**”) has been created pursuant to a Joint Exercise of Powers Agreement, dated August 6, 2013, by and between the Los Angeles County Public Works Financing Authority and the County.

K. The Issuer has determined to issue its Tax Allocation Revenue Refunding Bonds, Series ____ (the “**2017 Bonds**”) pursuant to a Trust Agreement, dated as of ____ 1, 2017, by and between the Issuer and U.S. Bank National Association, as trustee (the “**2017 Trustee**”), in order to provide funds to acquire certain local obligations, including the Local Obligations, and pay the costs of issuance of the 2017 Bonds.

L. In order to provide a portion of the funds necessary to redeem and defease the Refunded Bonds, the Agency has elected to participate in the Refunding Program and has caused the issuance of the Local Obligations pursuant to the Indenture of Trust, dated as of ____ 1, 2017 (the “**Local Obligations Indenture**”), by and between the Agency and the 2017 Trustee.

M. A portion of the proceeds of the 2017 Bonds will be transferred from the 2017 Trustee to the Trustee to be deposited in the Escrow Fund established hereunder and applied to redeem the Refunded Bonds on _____, 201__ (the “**Redemption Date**”) at a price of the principal amount thereof, plus interest accrued to the Redemption Date[, without premium] [plus a premium of __% of the principal amount thereof] (the “**Redemption Price**”).

AGREEMENT

The Agency, the Trustee and the Escrow Agent agree as follows:

Section 1. Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Indenture.

Section 2. The Escrow Fund. (a) There is hereby established a fund (the “**Escrow Fund**”) to be held as an irrevocably pledged escrow by the Escrow Agent, which the Escrow Agent shall keep separate and apart from all other funds and which shall be applied solely as provided in this Escrow Agreement. The Escrow Fund is established for the purpose of refunding the Refunded Bonds..

Pending application as provided in this Escrow Agreement, amounts on deposit in the Escrow Fund are hereby pledged solely to the payment of the Refunded Bonds on the Redemption Date. Such amounts shall be held in trust by the Escrow Agent until the Redemption Date. The Escrow Agent acknowledges receipt of the report (the “**Verification Report**”) of _____, with respect to the sufficiency of amounts on deposit to refund the Refunded Bonds on the Redemption Date.

(b) On the date of issuance of the 2017 Bonds, the 2017 Trustee shall transfer \$_____ from the proceeds of the 2017 Bonds to the Escrow Agent for deposit in the Escrow Fund. In addition, the Trustee is directed to transfer \$_____ from funds and accounts held under the Indenture to the Escrow Agent for deposit in the Escrow Fund.

(c) Upon the deposit of moneys pursuant to Section 2(b), the moneys on deposit in the Escrow Fund, [uninvested and held as cash] by the Escrow Agent in the Escrow Fund, will be sufficient to make the payments required by Section 4 hereof.

Section 3. Use and Investment of Moneys. (a) The Escrow Agent hereby acknowledges deposit of the moneys described in Section 2(b) hereof and agrees to hold such moneys [uninvested] in the Escrow Fund to make all payments required by Section 4 hereof.

(b) Except as provided in this Section 3, no moneys deposited with the Escrow Agent pursuant to this Escrow Agreement shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Refunded Bonds as provided in Section 4 hereof.

(c) The Owners of the Refunded Bonds shall have a first and exclusive lien on the moneys in the Escrow Fund until such moneys are used and applied as provided in this Escrow Agreement.

(d) Neither the Trustee nor the Escrow Agent shall be held liable for investment losses resulting from compliance with the provisions of this Escrow Agreement.

Section 4. Payment of Refunded Bonds. The Escrow Agent shall apply amounts held in the Escrow Fund to pay the Redemption Price of the Refunded Bonds on the Redemption Date. The Trustee is hereby directed to disseminate all required notices of redemption and defeasance in connection therewith in accordance with the terms of the Indenture.

To the extent that the amount on deposit in the Escrow Fund on the Redemption Date is in excess of the amount necessary to pay the Redemption Price of the Refunded Bonds, the Escrow Agent shall transfer such excess to the 2017 Trustee for deposit in the [Tax Increment Fund] established under the 2017 Indenture.

Section 5. Irrevocable Instructions to Disseminate Notices. The Agency has previously advised the Trustee of the proposed redemption of the Refunded Bonds. The Trustee is hereby irrevocably instructed, in accordance with Section ____ of the Indenture, to disseminate notice on or before ____ __, 20__ of the redemption of the Refunded Bonds substantially in the form attached hereto as Exhibit B.

[The Trustee is hereby further instructed to disseminate a notice of defeasance of the Refunded Bonds] on ____ __, 2017 in accordance with the Indenture].

Section 6. Performance of Duties; Acknowledgement with Respect to Irrevocable Instructions. The Escrow Agent agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Escrow Agent provided herein are in a form satisfactory to it.

Section 7. Escrow Agent's Authority to Make Investments. The Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement except as set forth herein. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Escrow Agreement.

Section 8. Indemnity. To the extent permitted by law, the Agency hereby assumes liability for, and hereby agrees to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, officers, directors, agents, employees and servants, from and against

any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees, expenses and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, and any payment, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the Agency shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective successors, assigns, officers, directors, agents and employees or the breach by the Escrow Agent of the terms of this Escrow Agreement. The indemnities contained in this Section shall survive the termination of this Escrow Agreement or the earlier removal or resignation of the Escrow Agent.

Section 9. Responsibilities of Escrow Agent. The Escrow Agent makes no representation as to the sufficiency of the moneys deposited in the Escrow Fund to accomplish the redemption of the Refunded Bonds or to the validity of this Escrow Agreement as to the Agency and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof or be required to risk or expend its own funds hereunder. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default. The Escrow Agent may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel of recognized standing in the field of law relating to municipal bonds) may be deemed to be conclusively established by a written certification of the Agency. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel of recognized standing in the field of law relating to municipal bonds be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by a certificate signed by a nationally recognized firm of certified public accountants or such opinion of counsel of recognized standing in the field of law relating to municipal bonds.

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting

from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Escrow Agreement and delivered using the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder) (collectively, “**Electronic Means**”); provided, however, that the Agency shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Agency whenever a person is to be added or deleted from the listing. If the Agency elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent’s understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Agency and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Agency. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent’s reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Escrow Agreement and no implied duties, covenants or obligations shall be read into this Escrow Agreement against the Escrow Agent.

The Escrow Agent may resign by giving written notice to the Agency, and upon receipt of such notice the Agency shall promptly appoint a successor Escrow Agent. If the Agency does not appoint a successor Escrow Agent within 30 days of receipt of such notice, the resigning Escrow Agent may petition a court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, upon such notice as it shall deem proper, appoint a successor

Escrow Agent. Upon acceptance of appointment by a successor Escrow Agent, the resigning Escrow Agent shall transfer all amounts held by it in the Escrow Fund to such successor Escrow Agent and be discharged of any further obligation or responsibility hereunder.

The Escrow Agent shall incur no liability in acting or proceeding in good faith upon any notice, facsimile, request, consent, waiver, or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by an authorized representative of the Agency.

Section 10. Amendments. The Agency and the Escrow Agent may (but only with the consent of the Owners of all of the Refunded Bonds) amend this Escrow Agreement or enter into agreements supplemental to this Escrow Agreement.

Section 11. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the date upon which the Refunded Bonds have been paid in accordance with this Escrow Agreement.

Section 12. Compensation. The Agency shall from time to time pay or cause to be paid to the Escrow Agent the agreed-upon compensation for its services to be rendered hereunder, and reimburse the Escrow Agent for all of its reasonable expenses (including legal fees and expenses) and advances in the exercise and performance of its duties hereunder; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement or otherwise.

Section 13. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Agency or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 14. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 15. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

**SUCCESSOR AGENCY TO THE WEST
COVINA REDEVELOPMENT AGENCY**

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and as Escrow Agent

By: _____
Authorized Signatory

EXHIBIT A

REDEMPTION SCHEDULE

The Refunded Bonds to be redeemed on the Redemption Date are as follows:

<u>[CUSIP]</u>	<u>Maturity</u> <u>(September 1)</u>	<u>Rate</u>	<u>Amount</u>	<u>Price</u>
		% \$		%

EXHIBIT B

NOTICE OF REDEMPTION

[REFUNDED BONDS]

BASE CUSIP _____

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (the “Refunded Bonds”) pursuant to the Indenture of Trust, dated as of _____ 1, 20__ (the “Indenture”), by and between the Successor Agency to the West Covina Redevelopment Agency and U.S. Bank National Association, as trustee (the “Trustee”), that the outstanding Refunded Bonds in the amount of \$_____ have been called for redemption on _____, 201__ (the “Redemption Date”). The Refunded Bonds to be called, which were originally issued on _____, 20__, are as follows:

<u>[CUSIP]</u>	<u>Maturity</u> <u>(September 1)</u>	<u>Rate</u>	<u>Amount</u>	<u>Price</u>
		%	\$	%

The Refunded Bonds will be payable on the Redemption Date at a redemption price of [100]% of the principal amount plus accrued interest with respect thereto to such date (the “Redemption Price”). The Redemption Price of the Refunded Bonds will become due and payable on the Redemption Date. From and after the Redemption Date, interest on the Refunded Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Refunded Bonds will be surrendered to the Trustee.

To receive payment on the Redemption Date, owners of the Refunded Bonds should present and surrender said Refunded Bonds on the Redemption Date at the address of the Trustee set forth below:

[TO COME FROM TRUSTEE]

If the Owner of any Refunded Bond subject to optional prepayment fails to deliver such Refunded Bond to the Trustee on the Redemption Date, such Refunded Bond shall nevertheless be deemed prepaid on the Redemption Date and the Owner of such Refunded Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Trustee for such payment.

A signed W-9 is required to accompany the Refunded Bonds or 28% of the Refunded Bond redemption proceeds will be withheld.

Note: The Successor Agency to the West Covina Redevelopment Agency and the Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness in the notice or as printed on any Certificate. They are included solely for the convenience of the holders.

By: _____, as Trustee for _____

Dated this __ day of _____, 201__.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

LOCAL OBLIGATION PURCHASE CONTRACT

relating to

**SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2017A
(TAX EXEMPT)**

and

**SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2017B
(FEDERALLY TAXABLE)**

_____, 2017

Successor Agency to the West Covina Redevelopment Agency
1444 W. Garvey Avenue South
West Covina, California 91760

Ladies and Gentlemen:

The undersigned County of Los Angeles Redevelopment Refunding Authority (the “**Authority**”), offers to enter into this Local Obligation Purchase Contract (the “**Local Obligation Purchase Contract**”) with you, the Successor Agency to the West Covina Redevelopment Agency (the “**Agency**”), which, upon acceptance, will be binding upon the Agency and the Authority.

1. Purchase, Sale and Delivery of the Local Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees to purchase from the Agency, and the Agency hereby agrees to sell to the Authority, all (but not less than all) of the \$_____ aggregate principal amount of Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt) (the “**2017A Local Obligations**”) and all (but not less than all) of the \$_____ aggregate principal amount of Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable) (the “**2017B Local Obligations**,” and with the 2017A Local Obligations, the “**Local Obligations**”) to be issued under the provisions of the Indenture of Trust, dated as of _____ 1, 2017 (the “**Agency Indenture**”), by and between the Agency and U.S. Bank National Association, as trustee (the “**Agency Trustee**”); and

The Agency Indenture was approved by a resolution of the Agency on _____, 20__ (the “**Agency Resolution**”) related to the issuance and sale of the Local Obligations. Except as otherwise provided herein, capitalized terms used herein shall have the meanings attributed to them in the Agency Indenture.

The Local Obligations are to be dated the date of their delivery and bear interest payable on the dates and at the interest rates, and mature on the dates and in the amounts set forth in Exhibit A attached hereto. So long as the Local Obligations are held by the Authority Trustee (as such term is defined below), there shall be one Local Obligation for each series and each maturity thereof in the denomination of the entire outstanding principal amount of such maturity of such series of Local Obligations.

The 2017A Local Obligations will be purchased with proceeds of the Authority's Tax Allocation Revenue Refunding Bonds, Series 2017A (Tax Exempt) (the "**2017A Authority Bonds**"). The 2017B Local Obligations will be purchased with proceeds of the Authority's Tax Allocation Revenue Refunding Bonds, Series 2017B (Federally Taxable) (the "**2017B Authority Bonds**," and with the 2017A Authority Bonds, the "**Authority Bonds**"). The Authority Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Revenues as provided in the Trust Agreement, dated as of _____ 1, 2017 (the "**Trust Agreement**"), by and between the Authority and U.S. Bank National Association, as trustee (the "**Authority Trustee**"), and Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code and Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code (collectively, the "**Bond Law**"). The issuance of the Authority Bonds has been duly authorized by the Authority pursuant to a resolution (the "**Authority Resolution**") adopted by the Board of Directors of the Authority on _____, 20__.

The purchase price of the 2017A Authority Bonds shall be \$_____ (being an amount equal to the principal amount of the 2017A Authority Bonds, less a net original issue discount of \$_____ and less an underwriter discount of \$_____).

The purchase price of the 2017B Authority Bonds shall be \$_____ (being an amount equal to the principal amount of the 2017B Authority Bonds, less a net original issue discount of \$_____ and less an underwriter discount of \$_____).

The above purchase prices shall be paid from amounts received from the Underwriters under the Bond Purchase Agreement (as such term is defined below).

The purchase price of the 2017A Local Obligations shall be \$_____ (being an amount equal to the principal amount of the 2017A Local Obligations, less a net original issue discount of \$_____ and less an underwriter discount of \$_____).

The purchase price of the 2017B Local Obligations shall be \$_____ (being an amount equal to the principal amount of the 2017B Local Obligations, less a net original issue discount of \$_____ and less an underwriter discount of \$_____).

The above purchase prices shall be payable from amounts held by the Authority Trustee under the Trust Agreement subject to the terms and conditions thereof.

Such purchase price for the Local Obligations, which is net of the allocable purchaser's discount, includes the Agency's share (as determined by the Authority) of the funding of surety premium and costs of issuance allocable to the Local Obligations and the Authority Bonds, in the amount of \$_____, which amounts shall be transferred to the Authority and paid on the Agency's behalf by the Authority for such purposes. Amounts on deposit on account of the

obligations to be refunded (the “**Refunded Obligations**”) in the amount of \$_____ will be released and applied to costs of the refunding.

The Local Obligations shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Agency Indenture providing for the issuance of the Local Obligations and registered in the name of the Authority Trustee. Pursuant to the Agency Indenture, the Agency Trustee shall deposit or cause to be deposited from the proceeds of the Local Obligations the amounts in the funds and accounts established under the Agency Indenture and in the Cost of Issuance Fund established under the Trust Agreement.

Stifel, Nicolaus & Company, Incorporated and Citigroup Global Markets Inc. (collectively, the “**Underwriters**”), have submitted to the Agency a proposed form of an agreement to purchase the Authority Bonds (the “**Bond Purchase Agreement**”) by and between the Underwriters and the Authority, which includes a Letter of Representations (the “**Letter of Representations**”) to be executed by the Agency, each to be executed and delivered concurrently with this Local Obligation Purchase Contract.

Pursuant to the authorization of the Agency and the Authority, the Underwriters have distributed copies of the Preliminary Official Statement dated _____, 2017, pertaining primarily to the Authority Bonds but also describing the Authority’s tax allocation bond refunding program, the Local Obligations, the Agency and its redevelopment project area (the “**Project Area**”), which, together with the cover page, inside cover page and appendices thereto is herein called the “**Preliminary Official Statement**.” By its acceptance of this Local Obligation Purchase Contract, the Agency hereby acknowledges the use by the Underwriters of the Preliminary Official Statement including the form of Agency “Appendix A” with respect to the Agency’s Project Area (the “**Agency Appendix**”) and the Agency Appendix is hereby approved. The Agency hereby approves the distribution of a final official statement (the “**Official Statement**”) which will substantially consist of the Preliminary Official Statement and the related Agency Appendix with such changes as may be made thereto, with the approval of: (i) as to the Agency Appendix, the Agency’s General Counsel; (ii) Stradling Yocca Carlson & Rauth, a Professional Corporation, the Authority’s Bond Counsel (herein called “**Bond Counsel**”); and (iii) the Underwriters.

Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“**Rule 15c2-12**”) requires that, in order to be able to purchase or sell the Authority Bonds, the Underwriters must have reasonably determined that the Agency, as an obligated person, has undertaken in a written agreement or contract for the benefit of the holders of the Authority Bonds to provide disclosure of certain financial information and operating data and certain enumerated events on an ongoing basis. In furtherance thereof, the Agency agrees to deliver a continuing disclosure agreement with respect to the Local Obligations (the “**Continuing Disclosure Agreement**”) by and between the Authority and the Agency, pursuant to which the Agency will provide annual disclosure and notices in the event of certain enumerated events.

(b) At 8:00 a.m., California time, on _____, 2017, or at such earlier or later time or date as shall be agreed by the Agency and the Authority (such time and date being herein referred to as the “**Closing Date**”), the Agency will deliver to the Authority at the offices of Bond Counsel in Newport Beach, California (or at such other location as may be designated by the Authority and approved by the Agency), the Local Obligations in definitive forms, duly executed by the Agency and authenticated by the Agency Trustee, and will deliver to the Authority at said location, the other documents described in Section 3 hereof; and the Authority will accept such delivery and pay the

purchase price of the Local Obligations as set forth in paragraph (a) of this Section by wire transfer payable as provided in the Agency Indenture (such delivery and payment being herein referred to as the “**Closing**”). The Local Obligations shall be made available to the Authority not later than one business day before the Closing Date for purposes of inspection.

2. Representations, Warranties and Agreements of the Agency. The Agency represents and warrants to and agrees with the Authority that:

(a) The Agency is duly organized and validly existing as a successor agency under California Assembly Bill 1484 (Stats 2012 c. 26) (“**AB 1484**”), with full right, power and authority to adopt the Agency Resolution, to issue the Local Obligations, to execute, deliver and perform its obligations under the Agency Indenture, the Local Obligations, the Continuing Disclosure Agreement, the Letter of Representations, the escrow agreements and irrevocable instructions being entered into by the Agency in connection with the refunding of the Refunded Obligations and the Local Obligation Purchase Contract (collectively, the “**Agency Documents**”) and to carry out and consummate the transactions contemplated by the Agency Documents and the Agency Appendix; and the Agency Documents are and will be at the Closing Date valid and binding obligations of the Agency and enforceable obligations under AB 1484; and

(b) When delivered to and paid for by the Authority at the Closing in accordance with the provisions of this Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the Agency in conformity with, and entitled to the benefit and security of, the Agency Indenture; and

(c) By all necessary official action, the Agency has duly adopted the Agency Resolution at a meeting properly noticed at which a quorum was present and acting throughout; and the Agency has duly authorized and approved the execution and delivery of, and the performance by the Agency of its obligations contained in, the Agency Documents, and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the Agency and the other respective parties thereto, the Agency Documents will constitute the legally valid and binding obligations of the Agency enforceable against the Agency in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against governmental agencies in the State of California (the “**State**”). The Agency has complied, and will at the Closing be in compliance in all respects, with the terms of the Agency Documents; and

(d) The Agency has complied with all material requirements of the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the California Health and Safety Code, as amended) (the “**Law**”) and the California Environmental Quality Act with respect to capital improvements financed and refinanced with proceeds of the Refunded Obligations; and

(e) The information contained in the Agency Appendix is true and correct in all material respects and does not contain a misstatement of any material fact or omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading; and

(f) Except as otherwise disclosed in the Agency Appendix, the Agency is not in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and, as of such times, except as disclosed in the Agency Appendix, the authorization, execution and delivery of the Agency Documents and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance or other agreement to which the Agency (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Agency Documents; and

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the Agency of its obligations hereunder or under the Agency Documents, have been duly obtained and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the Agency is or will be required for the issue and sale of the Local Obligations or the consummation by the Agency of the other transactions described in the Agency Documents; and

(h) Except as disclosed in the Agency Appendix, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened: (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of the Local Obligations, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Local Obligations, or in any way contesting or affecting the validity of the Local Obligations or the Agency Documents or the consummation of the transactions contemplated thereby or hereby or contesting the powers of the Agency or its authority to issue the Local Obligations; (iii) with respect to information relating to the Agency only, contesting the completeness or accuracy of the Agency Appendix or any supplement or amendment thereto or asserting that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (iv) there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iii) of this paragraph; and

(i) Except as disclosed in the Official Statement, within the last five years, the Agency has materially complied with its previous undertakings pursuant to Rule 15c2-12; and

(j) The Agency's Oversight Board has duly approved the issuance of the Local Obligations and no further Oversight Board approval or consent is required to issue the Local Obligations; and

(k) In furtherance of the terms of the Agency Indenture, the Agency will authorize the transfer to an account of the Agency, held by the Trustee under the Agency Indenture, of all amounts set forth in any duly approved Recognized Obligation Payment Schedule (the “**ROPS**”) with respect to principal and interest payments due on the Local Obligations and any deficiency in the reserve account established pursuant to the Agency Indenture.

The execution and delivery of this Local Obligation Purchase Contract by the Agency shall constitute a representation by the Agency to the Authority that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided that no member of the Governing Board of the Agency shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Conditions to the Local Obligations of the Authority. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to the accuracy in all material respects of the representations, warranties and agreements on the part of the Agency contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Agency made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Agency of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) On the Closing Date, all conditions precedent to the purchase of the Authority Bonds by the Underwriters shall have been satisfied or waived and no conditions to the obligations of the Underwriters to accept delivery of and pay for the Authority Bonds on the Closing Date shall have been identified by the Underwriters as an impediment to such purchase and sale;

(b) On the Closing Date, the Agency Documents shall be in full force and effect in the form heretofore submitted to the Authority and there shall have been taken in connection with the issuance of the Local Obligations and the transactions contemplated thereby and by this Local Obligation Purchase Contract all such actions as, in the opinion Bond Counsel, shall be necessary and appropriate;

(c) At the Closing Date, the Agency Resolution shall not have been rescinded, amended, modified or supplemented, except as may have been agreed to by the Authority; and

(d) At or prior to the Closing Date, the Authority and the Authority Trustee shall have received the following documents with respect to the Local Obligations, in each case satisfactory in form and substance to the Authority:

- (1) A certified copy of the Agency Resolution;
- (2) Executed copies of the Agency Documents;
- (3) Executed copies of each certificate of instruction for the deposit of Authority Bond proceeds;
- (4) A certificate dated the Closing Date and signed by an authorized representative of the Agency or an authorized designee, on behalf of the Agency to the effect that: (i) the representations and warranties of the Agency in the Letter of Representations and herein are true and correct in all

material respects on and as of the Closing Date, with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Agency Appendix for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the Agency has complied with all of the agreements and satisfied all of the conditions on its part to be satisfied under the Local Obligation Purchase Contract, the Agency Resolution and the Agency Indenture at or prior to the Closing Date; and (iv) all information in the Agency Appendix relating to the Agency is true as of the date of the Official Statement and, as of the Closing Date, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) An unqualified opinion of Bond Counsel dated the Closing Date and addressed to the Agency with respect to the Local Obligations to the effect that the Local Obligations and the Agency Indenture have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the applicable trustee, constitute the legal, valid and binding agreements of the Agency and are enforceable in accordance with their terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State;

(6) A defeasance opinion or defeasance opinions of Bond Counsel, dated the Closing Date and addressed to the Authority, the Underwriters and the Agency to the effect that the Refunded Obligations have been legally defeased in accordance with each of the agreements pursuant to which such obligations were issued, and the owners of such obligations have ceased to be entitled to the pledge of Tax Revenues (as such term is defined in the Agency Indenture);

(7) An opinion of counsel to the Agency, dated the Closing Date and addressed to the Authority and the Underwriters, substantially in the form attached hereto as Exhibit B;

(8) A counterpart original or certified copy of each of the documents and opinions specified in Section 3(F) of the Bond Purchase Agreement, in each case satisfactory in form and substance to the Representative (as such term is defined in the Bond Purchase Agreement); and

(9) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence compliance by the Agency with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Agency contained herein, and the due performance or satisfaction by the Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Agency.

If the Agency shall be unable to satisfy the conditions to the Authority's obligations contained in this Local Obligation Purchase Contract, this Local Obligation Purchase Contract shall terminate and neither the Authority nor the Agency shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the Agency and the Authority incident to the authorization, issuance and sale of the Local Obligations and a share of the costs (as determined by the Authority) incident to the authorization and issuance of the Local Obligations and the

authorization, issuance and sale of the Authority Bonds including, in each case, fees and expenses of trustees, auditors, financial advisors and fiscal consultant fees, continuing disclosure and rating agency costs and fees of Bond Counsel and counsel to the Agency, shall be paid by the Agency from proceeds of the Local Obligations or otherwise in accordance with the Law and the Bond Law. The Underwriters will pay the expenses of the preparation of the Bond Purchase Agreement and all other expenses incurred by the Underwriters in connection with the public offering and distribution of the Authority Bonds, including CDIAC fees and the fee and disbursements of Underwriters' counsel.

5. Indemnification. The Agency, to the fullest extent permitted by law, shall indemnify, defend and hold harmless the Authority and the County of Los Angeles (the "**County**") and their respective officers, directors, agents and employees and the Underwriters (each an "**Indemnified Party**"), from and against any and all Indemnifiable Losses (as such term is defined herein) arising out of, resulting from, or in any way connected with:

(a) the redevelopment projects financed, or the conditions, occupancy, use, possession, conduct or management of, work done in or about, or from the planning, design, acquisition, installation or construction, of any facilities within the redevelopment projects, or any part thereof, including, without limitation, Indemnifiable Losses resulting from or in any way relating to any generation, processing, handling, transportation, storage, treatment or disposal of solid wastes, Hazardous Substances (as such term is defined herein) including, but not limited to, any of those activities occurring, to occur or having previously occurred and any releases on, under or from the facilities to the extent occurring or existing prior to the execution and delivery of this Local Obligation Purchase Contract and the Local Obligations;

(b) the issuance and sale of the Authority Bonds, the carrying out of any of the transactions or undertakings contemplated by the Agency Indenture, the Local Obligations, the Trust Agreement or any document delivered by the Agency pursuant to, or in connection with, any of the foregoing;

(c) any untrue statement, misleading statement, alleged untrue statement or alleged misleading statement of any material fact concerning the Agency, the Project Area, the Tax Revenues or the redevelopment plan relating to the Project Area in Appendix A, any supplement thereto, any continuing disclosure document for the Authority Bonds or any statement made in connection with the purchase or sale of the Authority Bonds (other than any such statement in the Official Statement provided by the County or the Authority, expressly for use in the Official Statement or in Appendix A, any supplement thereto or any continuing disclosure document for the Authority Bonds), or any omission or alleged omission to state a material fact concerning the Agency, the Project Area, Tax Revenues or the redevelopment plan relating to the Project Area necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(d) the Agency Trustee's acceptance or administration of the trust of the Agency Indenture or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Local Obligations to which it is a party;

(e) any misrepresentation or breach of warranty by the Agency of any representation or warranty in this Local Obligation Purchase Contract, the Agency Indenture, the Letter of Representations, the Local Obligations or any document delivered by the Agency pursuant to, or in connection with, any of the foregoing or the Local Obligations;

(f) any breach by the Agency of any covenant or undertaking set forth in this Local Obligation Purchase Contract, the Agency Indenture, the Letter of Representations, the Local Obligations, or any document delivered by the Agency pursuant to, or in connection with, any of the foregoing or the Local Obligations;

(g) the exercise and performance of the Indemnified Parties' powers and duties pursuant to this Local Obligation Purchase Contract, the Agency Indenture, the Local Obligations and related documents; or

(h) the exercise and performance of the Indemnified Parties' powers and duties pursuant to any Adverse Change in State Law (as such term is defined herein) or pursuant to any court order obtained in connection with any Adverse Change in State Law.

The Authority agrees to notify the Agency and the Underwriters promptly, but in no event later than 45 business days, after written notice to the County or the Authority that any third party has brought any action, suit or proceeding against an Indemnified Party that may result in an Indemnifiable Loss (a "**Third Party Action**"). Upon such notice or other notice from an Indemnified Party of a Third Party Action, the Agency shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and reasonably acceptable to the Agency, and shall assume the payment of all Litigation Expenses (as such term is defined herein) related thereto, with full power to litigate, compromise or settle the same in its discretion; provided that: (i) the Indemnified Party shall have the right to review and approve or disapprove (in its reasonable discretion) any such compromise or settlement; and (ii) the Indemnified Party has no liability with respect to any compromise or settlement of any Third Party Action or similar claim effected without its written approval. If the Indemnified Party fails to provide such notice to the Agency, the Agency is still obligated to indemnify the Indemnified Party for Indemnifiable Losses. It is hereby acknowledged that the indemnification of the County in this Section 5 relates to the County Auditor-Controller's obligations as set forth in California Health and Safety Code Section 34183 and the Agency's irrevocable direction under Section 5.02 of the Indenture.

The rights and undertakings set forth in this Section do not terminate and shall survive the final payment or defeasance of the Local Obligations and the termination or defeasance of the Agency Indenture or any related agreement.

For purposes of this Section, the term "**Adverse Change in State Law**" means a change in State law, including any judicial decision that adversely affects the ability of the Agency to comply with the Agency Indenture.

For purposes of this Section, the term "**Environmental Regulation**" means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

For purposes of this Section, the term "**Hazardous Substances**" means: (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which: (i) pose a hazard to facilities in the Project Area or to persons on or about facilities in the Project Area; or (ii) cause facilities in the Project Area to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which

contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 USC §§ 9601 *et seq.*; the Resource Conservation and Recovery Act, 42 USC §§ 6901 *et seq.*; the Hazardous Materials Transportation Act, 49 USC §§ 1801 *et seq.*; the Federal Water Pollution Control Act, 33 USC §§ 1251 *et seq.*; the California Environmental Quality Act, California Public Resources Code § 21000 *et seq.*; the California Hazardous Waste Control Law, California Health and Safety §§ 25100 *et seq.*; the Hazardous Substance Account Act, California Health and Safety Code §§ 25300 *et seq.*; the Underground Storage of Hazardous Substances Act, California Health and Safety §§ 25280 *et seq.*; the Porter-Cologne Water Quality Control Act, California Water Code §§ 13000 *et seq.*; the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of facilities in the Project Area or the owners and/or occupants of property adjacent to or surrounding facilities in the Project Area, or any other person coming upon the facilities in the Project Area or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

For purposes of this Section, the term “**Indemnifiable Losses**” means the aggregate of Losses and Litigation Expenses (as such terms are defined herein); provided that such indemnification pursuant to this Section shall not apply to Losses or Litigation Expenses resulting because of the negligence or willful misconduct of any Indemnified Party.

For purposes of this Section, the term “**Litigation Expenses**” means any court filing fee, court cost, witness fee, fee associated with any alternative dispute resolution mechanism (such as arbitration or mediation) and each other fee and cost of investigating and defending or asserting a claim, including, without limitation, in each case, attorneys’ fees, other professionals’ fees and disbursements.

For purposes of this Section, the term “**Losses**” means any liability, loss, claim, settlement payment, cost and expense, interest, award, judgment, damages (other than punitive damages to the extent that they may not, under law, be indemnified), diminution in value, fine, fee, penalty and other charge or cost, of every conceivable kind, character and nature whatsoever, contingent or otherwise, known or unknown, except Litigation Expenses.

The Agency shall place all costs expected to be incurred and actually incurred in connection with its indemnification obligations, including any amounts in connection with a valid indemnification claim received from the County or the Authority, on the next ROPS and shall undertake its best efforts to ensure that such expenditures are approved by the Oversight Board and the State Department of Finance. Any unpaid amounts shall constitute a debt and an enforceable obligation of the Agency and shall continue to be carried forward and placed on subsequent ROPS until paid in full. If payable to the County or the Authority, the term “paid in full” in the preceding sentence includes payment of interest in addition to the unpaid amount, and the interest rate on the unpaid amount shall increase over time as follows: (a) the rate of return earned by the Los Angeles County Treasury Pool for the relevant time period (the “**County Pool Rate**”) for the first year that payments are overdue to the County or the Authority; (b) the County Pool Rate plus 3% for the

second year that payments are overdue to the County or the Authority; (c) the County Pool Rate plus 6% for the third year that payments are overdue; and (d) the County Pool Rate plus 9% for the fourth year and any additional years that payments are overdue; provided, however, that in no event shall the interest rate exceed 10% in any year. The payment of any Indemnifiable Losses that are reimbursable under this Local Obligation Purchase Contract shall be subordinate to the payment of debt service on the Local Obligations.

6. Notices. Any notice or other communication to be given to the Agency under this Local Obligation Purchase Contract may be given by delivering the same in writing at the Agency's address set forth above, Attention: Executive Director, and any such notice or other communications required to be given to the Authority may be given by delivering the same in writing to the Authority at County of Los Angeles Redevelopment Refunding Authority, c/o County of Los Angeles, 500 West Temple Street, Room 437, Los Angeles, California 90012, Attention: Treasurer and Tax Collector. The approval of the Authority when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Authority and delivered to the Agency.

7. Parties In Interest; Governing Law. This Local Obligation Purchase Contract is made solely for the benefit of the Agency, the Authority, the County, the Underwriters and the Authority Trustee, and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. This Local Obligation Purchase Contract shall be governed by the laws of the State.

8. Pledge; Assignment. The Agency hereby approves the Trust Agreement and the pledge and assignment of all of the Authority's right, title and interest in this Local Obligation Purchase Contract and the Local Obligations to the Authority Trustee under the Trust Agreement for the benefit of the owners of the Authority Bonds (as provided in the Trust Agreement).

9. Limitation on Liability. The Authority shall incur no liability hereunder or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the Authority Bonds available therefor held by the Authority Trustee under, and subject to the conditions set forth in, the Trust Agreement. The Agency shall incur no liability hereunder or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 3, 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the respective Local Obligations pursuant to the terms thereof.

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10. Counterparts. This Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

COUNTY OF LOS ANGELES REDEVELOPMENT
REFUNDING AUTHORITY

By _____
Treasurer

ACCEPTED AND AGREED TO:

SUCCESSOR AGENCY TO THE WEST
COVINA REDEVELOPMENT AGENCY

By _____
Executive Director

EXHIBIT A

MATURITY SCHEDULE

\$ _____
SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2017A
(TAX EXEMPT)

<i>Principal Payment Date (September 1)</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>Price</i>
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* Term Local Obligations.

\$ _____
**SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2017B
(FEDERALLY TAXABLE)**

<i>Principal Payment Date (September 1)</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>Price</i>
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* Term Local Obligations.

EXHIBIT B

FORM OF AGENCY COUNSEL OPINION

_____, 2017

County of Los Angeles
Redevelopment Refunding Authority
Los Angeles, California

Stifel, Nicolaus & Company, Incorporated, as
Representative of the Underwriters
Los Angeles, California

Successor Agency to the West Covina
Redevelopment Agency
West Covina, California

Citigroup
Los Angeles, California

[Insurer]
New York, New York

Re: \$_____ Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt) and \$_____ Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable)

Ladies and Gentlemen:

The undersigned is the duly qualified and acting counsel to Successor Agency to the West Covina Redevelopment Agency (the “**Agency**”). In connection with the issuance and delivery of the above-referenced bonds (the “**Local Obligations**”), I have examined originals (or copies certified or otherwise identified to my satisfaction) of such documents, records and other instruments as I deem necessary or appropriate for the purposes of rendering this opinion, including, without limitation, Resolution No. _____ adopted by the Agency on _____, 20__ (the “**Agency Resolution**”) and the Indenture of Trust, dated as of _____ 1, 2017 (the “**Indenture**”), by and between the Agency and U.S. Bank National Association, as trustee (the “**Agency Trustee**”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Local Obligation Purchase Contract, dated _____, 2017, by and between the County of Los Angeles Redevelopment Refunding Authority (the “**Authority**”) and the Agency.

Based upon the foregoing, it is my opinion that:

(A) The Agency is a public entity validly existing under the laws of the State of California;

(B) The Agency Resolution has been duly adopted at a meeting of the Agency that was duly called and held on _____, 20__ pursuant to law, with all required public notice and at which a quorum was present and acting throughout. The Agency Resolution is in full force and effect and has not been amended or repealed;

(C) The Agency Documents have been duly authorized, executed and delivered by the Agency and, when duly executed by the other respective parties thereto, constitute valid and binding

legal obligations of the Agency enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against governmental entities in the State of California;

(D) Except as otherwise disclosed in Appendix A to the Official Statement and under the caption "LITIGATION" to the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending (and notice of which has been served on the Agency) or, to the best knowledge of such counsel after due inquiry, threatened against the Agency: (i) challenging the creation, organization or existence of the Agency; (ii) challenging the validity of the Agency Documents; (iii) seeking to restrain or enjoin the repayment of the Local Obligations; (iv) in any way contesting or affecting the validity of the Agency Documents; (v) contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Documents; (vi) which, in any manner, questions the right of the Agency to use the Tax Revenues (as such term is defined in the Indenture) for repayment of the Local Obligations; or (vii) affects in any manner the right or ability of the Agency to collect or pledge the Tax Revenues as described in Appendix A to the Official Statement; and

(E) Except as otherwise disclosed in Appendix A to the Official Statement, there are no outstanding bonds, notes or other obligations of the Agency which are payable out of tax increment revenues of the Agency on a basis senior to the Local Obligations.

This opinion is limited to the laws of the State of California, and I assume no responsibility as to the applicability or the effect of the laws (including securities, blue sky and insolvency laws) of any other jurisdiction or of federal or state income tax laws. This opinion is limited to the matters stated herein, and no opinion is implied beyond the matters expressly stated. This opinion is given for your use and benefit only in connection with transactions described herein, and it may not be relied upon in any other transaction or by any other person, nor may copies be delivered to any person other than your counsel without my prior written consent.

Very truly yours,

**COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY
TAX ALLOCATION REVENUE REFUNDING BONDS**

<p>\$ _____ SERIES 2017A (TAX-EXEMPT)</p>	<p>\$ _____ SERIES 2017B (FEDERALLY TAXABLE)</p>
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BOND PURCHASE AGREEMENT

_____, 2017

County of Los Angeles Redevelopment Refunding Authority
c/o County of Los Angeles
Los Angeles, California

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, acting on behalf of itself and as representative (the "Representative") of Citigroup Global Markets Inc. (collectively, the "Underwriters"), and acting in its capacity as principal and not as a fiduciary or agent, offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the County of Los Angeles Redevelopment Refunding Authority (the "Authority"), which upon acceptance will be binding upon the Underwriters and the Authority. The agreement of the Underwriters to purchase the Bonds (as hereinafter defined) is contingent upon the Authority purchasing the Local Obligations (as hereinafter defined) from the Successor Agency to the West Covina Redevelopment Agency, as successor agency to the West Covina Community Development Commission (the "Agency"), upon the Authority satisfying all of the obligations imposed upon it under this Purchase Agreement, upon the delivery of an executed Agency Letter of Representations in the form substantially set forth in Exhibit B hereto by the Agency on the date hereof (the "Agency Letter of Representations") and upon the closing conditions set forth in Section 4 hereof being met. This offer is made subject to the Authority's acceptance by the execution of this Purchase Agreement and its delivery to the Representative at or before 8:00 p.m., California local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Trust Agreement (as hereinafter defined), or if not defined therein, in the Local Obligations Indenture (as hereinafter defined).

1. Purchase, Sale and Delivery of the Bonds.

A. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Authority and the Authority hereby agrees to sell to the Underwriters all (but not less than all) of the following bonds each dated the Closing Date (as hereinafter defined),

bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto:

i. \$_____ aggregate principal amount of the County of Los Angeles Redevelopment Refunding Authority Tax Allocation Refunding Bonds, Series 2017A (Tax-Exempt) (the "Series A Bonds"), and

ii. \$_____ aggregate principal amount of the County of Los Angeles Redevelopment Refunding Authority Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable) (the "Series B Bonds," and together with the Series A Bonds, the "Bonds" or individually, a "Series of Bonds").

The purchase price for each Series of Bonds shall be as shown on Exhibit A hereto.

The Underwriters agree to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriters reserve the right to change the public offering prices (or yields) as each deems necessary in connection with the marketing of the Bonds, provided that the Underwriters shall not change the interest rates set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial offering prices.

Each Series of Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Revenues as provided in the trust agreement relating to the Bonds, dated as of _____ 1, 2017, (the "Trust Agreement") by and between the Authority and U.S. Bank National Association, as trustee (the "Authority Trustee"), the Preliminary Official Statement (as hereinafter defined), and Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Bond Law"). The issuance of the Bonds has been duly authorized by the Authority pursuant to a resolution (the "Authority Resolution") adopted by the Board of Directors of the Authority on _____, 2017.

The net proceeds of the Bonds will be used to purchase (i) the \$_____ aggregate principal amount of the Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt) (the "Series A Local Obligations"), and (ii) the \$_____ aggregate principal amount of the Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable) (the "Series B Local Obligations," and with the Series A Local Obligations, the "Local Obligations").

The Local Obligations shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from tax increment revenues pledged thereto as provided in the Indenture of Trust dated as of _____ 1, 2017 (the "Local Obligations Indenture"), by and between the Agency and U.S. Bank National Association (the "Local Obligations Trustee").

The Local Obligations shall be issued in accordance with Parts 1.8 and 1.85 of Division 24 of the Health & Safety Code of the State of California (as amended from time to time, the "Dissolution Act") and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California. The issuance of the Local Obligations has been duly authorized by a resolution adopted by the Board of Directors or

Governing Board of the Agency (the "Agency Resolution") and by a resolution (the "Oversight Board Resolution") of the Oversight Board for the Agency (the "Oversight Board"), and the Department of Finance of the State of California has issued a letter dated _____, 2017, approving the Oversight Board Resolution and the issuance of the Local Obligations. The net proceeds of the Local Obligations will be used as indicated in the Local Obligations Indenture. The Local Obligations shall be purchased by the Authority pursuant to the terms of a Local Obligations Purchase Contract (the "Local Obligations Purchase Contract") by and between the Authority and the Agency.

The Local Obligations are being issued to (i) [acquire a debt service reserve fund surety policy (the "Surety Policy") from _____ (the "Insurer"),] (ii) pay costs of issuance allocable to the Local Obligations, and (iii) refund and defease the bonds issued by, or prepay the other obligations incurred by, the predecessor-in-interest to the Agency as set forth in Exhibit D hereto (such bonds and other obligations are referred to collectively or individually herein as the "Refunded Obligations").

B. The Authority hereby acknowledges that the Representative is entering into this Purchase Agreement in reliance on the representations, warranties and agreements made by the Authority herein, and the Authority shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriters and shall immediately notify the Representative if it becomes aware that any representation, warranty or agreement made by the Agency in connection herewith is incorrect in any material respect.

The Authority acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Authority and the Underwriters; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, each Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether either Underwriter has provided other services or is currently providing other services to the Authority or the County of Los Angeles (the "County") on other matters); (iv) the Authority has consulted its own legal, financial and other advisors to the extent that it has deemed appropriate; (v) the only obligations that the Underwriters have to the Authority with respect to the transactions contemplated by this Purchase Agreement are those expressly set forth herein; (vi) the Underwriters have financial interests that may differ from, and be adverse to, those of the Authority; and (vii) the Underwriters have provided the Authority with certain disclosures required under the rules of the Municipal Securities Rulemaking Board (the "MSRB").

C. Pursuant to the authorization of the Authority, the Underwriters have distributed copies of the Preliminary Official Statement dated _____, 2017, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the "Preliminary Official Statement." By its acceptance of this Purchase Agreement, the Authority hereby ratifies the use by the Underwriters of the Preliminary Official Statement and the Authority agrees to execute a final official statement relating to the Bonds (the "Official Statement") which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, the Authority's Bond Counsel (herein called "Bond Counsel"), and the Underwriters, and to provide copies thereof to the Underwriters as set forth in Section 2(N)

hereof. The Authority hereby authorizes and requires the Underwriters to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto prepared by the Authority and consented to by the Underwriters in accordance with Section 3(D) hereof. The Authority further authorizes the Underwriters to use and distribute, in connection with the offer and sale of the Bonds, the Trust Agreement, the Local Obligations Indenture, this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Authority or the Agency to the Representative in connection with the transactions contemplated by this Purchase Agreement.

D. To assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), the Agency will undertake pursuant to a Continuing Disclosure Agreement, dated as of ____1, 2017 (the "Continuing Disclosure Agreement"), by and between the Agency and the Authority, acting as dissemination agent (the "Dissemination Agent"), to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

E. Except as the Representative and the Authority may otherwise agree, the Authority will deliver to the Underwriters, at the offices of Bond Counsel in Newport Beach, California, or at such other location as may be mutually agreed upon by the Representative and the Authority, the documents hereinafter mentioned; and the Authority will deliver to the Underwriters through the facilities of The Depository Trust Company ("DTC") in New York, New York, the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Authority and authenticated by the Authority Trustee in the manner provided for in the Trust Agreement and the Bond Law at 8:00 a.m. California time, on _____, 2017 (the "Closing Date"), and the Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the "Closing"). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Underwriters that:

A. The Authority is a joint exercise of powers authority, duly organized and existing under the Constitution and laws of the State of California, and formed pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code (the "JPA Act"), with full right, power and authority: (i) to enter into this Purchase Agreement and the Local Obligations Purchase Contract; (ii) to enter into the Trust Agreement; (iii) to adopt the Authority Resolution authorizing the issuance of the Bonds and entry into this Purchase Agreement and the Trust Agreement and to take all other actions on the part of the Authority relating thereto; (iv) to issue, sell and deliver the Bonds to the Underwriters as provided herein; (v) to purchase the Local Obligations; and (vi) to carry out and consummate the transactions on its part contemplated by this Purchase Agreement, the Trust Agreement, the Local Obligations Purchase Contract, the Continuing Disclosure Agreement and the Official Statement.

The Trust Agreement, the Bonds, this Purchase Agreement, the Continuing Disclosure Agreement and the Local Obligations Purchase Contract are collectively referred to herein as the "Authority Documents."

B. By all necessary official action of the Authority, the Authority has duly authorized and approved the execution and delivery by the Authority of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents, and has approved the use by the Underwriters of the Preliminary Official Statement and the Official Statement and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties thereto, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable upon the Authority in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. To the best of the Authority's knowledge, the Authority has complied, and will at the Closing Date be in compliance in all respects, with the terms of the Authority Documents that are applicable to the Authority.

C. The information in the Preliminary Official Statement and in the Official Statement (other than statements pertaining to the book-entry system and Appendices [A, C and G] as to which no view is expressed), is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Authority will advise the Underwriters promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriters, which consent will not be unreasonably withheld. The Authority will advise the Underwriters promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Bonds are delivered to the Underwriters; or (ii) the Underwriters do not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriters give notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Authority at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period." If in the opinion of the Underwriters any such event or proceeding requires the preparation and distribution of a supplement or amendment to the Official Statement in order to ensure that the Official Statement contains no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading, the Authority shall prepare and furnish to the Underwriters, at the Authority's expense, such number of copies of the supplement or amendment to the Official Statement as the Underwriters may reasonably request. If such amendment or supplement to the Official Statement shall be made subsequent to the Closing Date, the Authority and the Agency also shall furnish, or cause to be furnished, such additional certificates, instruments and other documents as the Underwriters may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

E. At the time of acceptance, the Authority is not, and as of the Closing Date, except as otherwise disclosed in the Official Statement, will not be, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject; and, to the Authority's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have an adverse effect on the Authority's ability to perform its obligations under the Authority Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Authority Documents and compliance by the Authority with the provisions of each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

F. To the best knowledge of the Authority, at the time of acceptance, as of the Closing Date, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending (notice of which has been served on the Authority) or to the best knowledge of the Authority threatened, in which any such Action: (i) in any way questions the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Revenues (as defined in the Trust Agreement) or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Authority Documents or the consummation of the transactions on the part of the Authority contemplated thereby; (iii) contests the exclusion of the interest on the Bonds from federal or state income taxation or contests the powers of the Authority which may result in any material adverse change relating to the financial condition of the Authority; (iv) except as disclosed in the Official Statement, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the Authority or would result in any material adverse change in the ability of the Authority to pledge or apply the Revenues or to pay debt service on the Bonds; or (v) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and, as of the time of acceptance hereof, there is not, and as of the Closing Date, there will be no known basis for any Action of the nature described in clauses (i) through (v) of this sentence.

G. The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters and at the expense of the Underwriters as the Underwriters may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and

other jurisdictions of the United States of America as the Underwriters may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Authority will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

H. Those Authority Documents described in the Official Statement conform as to form and tenor to such descriptions contained therein. The Authority represents that the Bonds, when issued, executed and delivered in accordance with the Trust Agreement and sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Authority, entitled to the benefits of the Trust Agreement pursuant to which the Bonds were issued. The Trust Agreement creates a valid pledge of the moneys in certain funds and accounts established pursuant to such Trust Agreement, subject in all cases to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

I. The issuance and sale of the Bonds is not subject to any transfer or other documentary stamp taxes of the State of California or any political subdivision thereof.

J. The Authority has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Authority or the County is a bond issuer whose arbitrage certifications may not be relied upon.

K. Any certificate signed by any authorized officer of the Authority and delivered to the Representative in connection with the issuance and sale of the Bonds shall be deemed to be a representation and covenant by the Authority to the Underwriters as to the statements made therein.

L. The Authority will apply the proceeds of the Bonds in accordance with the Trust Agreement.

M. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Authority will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Trust Agreement related to such Series of Bonds.

N. The Preliminary Official Statement was deemed final by a duly authorized officer of the Authority prior to its delivery to the Underwriters, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Authority hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Representative within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriters, the Authority shall cause a final printed form of the Official Statement to be delivered to the Underwriters in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the MSRB.

The Authority hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as

may be made thereto, with the approval of Bond Counsel, and the Underwriters, from time to time prior to the Closing Date.

The Authority hereby ratifies any prior use of and authorizes the future use by the Underwriters, in connection with the offering and sale of the Bonds, of the Preliminary Official Statement, the Official Statement, this Purchase Agreement, the Local Obligations Purchase Contract, the Continuing Disclosure Agreement and all information contained herein, and all other documents, certificates and written statements furnished by the Authority to the Underwriters in connection with the transactions contemplated by this Purchase Agreement.

The execution and delivery of this Purchase Agreement by the Authority shall constitute a representation to the Representative that the representations and warranties contained in this Section 2 are true as of the date hereof.

3. Conditions to the Obligations of the Underwriters. The obligation of the Underwriters to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations and warranties on the part of the Authority contained herein and on the part of the Agency contained in the Agency Letter of Representations, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and the Agency made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Authority of its obligations to be performed hereunder at or prior to the Closing Date, to the performance by the Agency of its obligations to be performed under the Local Obligations Purchase Contract at or prior to the Closing Date and, to the following additional conditions:

A. At the Closing Date, (i) the Authority Resolution, (ii) the Agency Resolution, (iii) the Authority Documents, (iii) the Local Obligations Indenture, and (iv) each escrow agreement and/or irrevocable refunding instructions relating to the Refunded Obligations (collectively, the "Escrow Agreements") shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Representative, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the Local Obligations, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as was described in the Preliminary Official Statement, the Authority shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, and the performance by the Authority of its obligations under the Authority Documents, the Authority Resolution and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, in any manner

which would materially and adversely affect the performance by the Authority of its obligations under the Authority Documents or the Authority Resolution.

C. At the Closing Date, except as described in the Preliminary Official Statement, the Agency shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Agency is a party or is otherwise subject or bound, and the performance by the Agency of its obligations under its Local Obligations, Agency Resolution, Local Obligations Indenture, Local Obligations Purchase Contract, Continuing Disclosure Agreement, Escrow Agreements and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Agency is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Agency of its obligations under its Local Obligations Indenture, the Local Obligations issued by the Agency or the performance of the conditions precedent to be performed by the Agency under the Local Obligations Purchase Contract, under the Continuing Disclosure Agreement, or under the Escrow Agreements.

D. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto, true and correct in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the cover page of the Official Statement, of the Bonds shall not have been materially adversely affected, in the judgment of the Representative (evidenced by a written notice to the Authority terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds), by reason of any of the following:

i. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States of America, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Series A Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

ii. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or the Local Obligations, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Trust Agreement or the Local Obligations Indenture are not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds or the Local Obligations, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

iii. A general suspension of trading in securities on the New York Stock Exchange, or a general banking moratorium declared by federal, State of New York or State of California officials authorized to do so;

iv. The introduction, proposal or enactment of any amendment to the United States or California Constitution or any action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Authority or the Agency, its property, income, securities (or interest thereon), the validity or enforceability of Local Obligations, or the ability of the Authority to purchase the Local Obligations as contemplated by the Local Obligations Indenture, the Local Obligations Purchase Contract and the Official Statement;

v. Any event occurring, or information becoming known which, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

vi. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, the Local Obligations or obligations of the general character of the Bonds or the Local Obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

vii. There shall have occurred any material outbreak or escalation of hostilities or other calamity or crisis the effect of which on the financial markets of the United States of America is such as to make it impracticable, in the reasonable judgment of the Underwriters, following consultation with the Authority, to sell the Bonds;

viii. Any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission against the Agency, the County or the Authority;

ix. An adverse event has occurred affecting the financial condition or operation of the Agency which, in the opinion of the Underwriters, requires or has required a supplement or amendment to the Official Statement;

x. Any rating of the securities of the Agency shall have been downgraded, suspended or withdrawn by a national rating service, or there shall have been any official statement by a national rating service as to a possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification), in either case which, in the Underwriters’ reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

xi. Any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriters, materially adversely affects the market price of the Bonds.

F. At or prior to the Closing Date, the Representative shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Representative:

i. The Official Statement;

ii. The Trust Agreement, duly executed and delivered by the Authority and the Authority Trustee, and the Local Obligations Indenture, duly executed and delivered by the Agency and Local Obligations Trustee;

iii. The Authority Resolution, together with a certificate of the Secretary of the Authority, dated as of the Closing Date, to the effect that such resolution is a true, correct and complete copy of the resolution duly adopted by the Board of Directors of the Authority;

iv. The Agency Resolution and the Escrow Agreements, together with a certificate dated as of the Closing Date of the Agency to the effect that the Agency Resolution is a true, correct and complete copy of the resolution duly adopted by that Agency’s Board;

v. The Local Obligations Purchase Contract executed by the Authority and the Agency and the Continuing Disclosure Agreement executed and delivered by the Agency and the Authority;

vi. Unqualified approving opinions for each Series of Bonds, dated the Closing Date and addressed to the Authority, of Bond Counsel, to the effect that such Series of Bonds are the valid, legal and binding obligations of the Authority and that the interest thereon is excluded from gross income for federal income tax purposes (with respect to the Series A Bonds only) and exempt from personal income taxes of the State of California, in substantially the form included as Appendix E to the Official Statement, together with one or more letters of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that such opinion addressed to the Authority may be relied upon by the Underwriters to the same extent as if such opinions were addressed to it;

vii. A supplemental opinion or opinions, dated the Closing Date and addressed to the Underwriters and the Agency, of Bond Counsel, to the effect that:

a. this Purchase Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the Representative, constitutes the legal, valid and binding agreement of the Authority and is enforceable in accordance with its terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State of California;

b. the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

c. the information contained in the Official Statement on the cover and under the captions "INTRODUCTION," "REFUNDING OF AGENCY OBLIGATIONS," "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS" and "TAX MATTERS" and in Appendices D and E to the Official Statement and the information under the captions "CITY OF WEST COVINA SUCCESSOR AGENCY—Tax Revenues," "—Security for the Refunding Bonds," "THE REFUNDING BONDS" and "SECURITY FOR THE REFUNDING BONDS" in Appendix A to the Official Statement, are accurate insofar as such statements purport to summarize certain provisions of the Bonds, the Local Obligations, the Trust Agreement, the Local Obligations Indenture, and Bond Counsel's final approving opinion(s).

viii. An unqualified opinion of Bond Counsel addressed to the Authority, the Agency and the Underwriters with respect to the Local Obligations that the Local Obligations and Local Obligations Indenture have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the Local Obligations Trustee, constitute the legal, valid and binding agreements of the Agency and are enforceable in accordance with their terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State of California;

ix. One or more defeasance opinions of Bond Counsel addressed to the Authority, the Underwriters and the Agency to the effect that each of the Refunded Obligations have been legally defeased in accordance with each of the agreements pursuant to which such Refunded Obligations were issued or incurred, and the owners of such obligations have ceased to be entitled to the pledge of tax increment revenues thereunder, if required pursuant to the documents under which the Refunded Obligations were issued;

x. An opinion of counsel to the Agency, dated the Closing Date and addressed to the Authority and the Underwriters, substantially in the form attached hereto as Exhibit C;

xi. An opinion, dated the Closing Date and addressed to the Underwriters, of Jones Hall, A Professional Law Corporation, counsel for the Underwriters, to

the effect that (i) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (ii) without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the Authority, the Agency, Bond Counsel, representatives of the Underwriters, and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Official Statement as of its date or as of the Closing Date contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial or statistical data, forecasts, numbers, estimates, assumptions, expressions of opinion, any of the appendices to the Official Statement, or any information concerning the Depository Trust Company or the book-entry system for the Bonds, the Insurer or the Surety Policy that is contained or incorporated by reference in the Official Statement);

xii. A certificate, dated the Closing Date and signed by the Chairman of the Board of Directors of the Authority or other authorized officer, to the effect that: (i) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Authority Documents and the Authority Resolution at or prior to the Closing Date;

xiii. A certificate dated the Closing Date and signed by an authorized representative of the Agency or an authorized designee, on behalf of the Agency to the effect that: (i) the representations and warranties of the Agency in the Agency Letter of Representations are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein with respect to the Agency and the Project Areas not misleading in any material respect; (iii) the Agency has complied with all the agreements and satisfied all the conditions on its part to be satisfied under the Local Obligations Purchase Contract, the Agency Resolution and Local Obligations Indenture at or prior to the Closing Date; and (iv) all information in the Appendix to the Official Statement relating to the Agency is true as of the date of the Official Statement and as of the Closing Date does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

xiv. An opinion of County Counsel, as counsel to the Authority, dated the Closing Date and addressed to the Underwriters, the Authority and the Agency, to the effect that:

a. The Authority is a public body, corporate and politic, duly organized and validly existing as a joint powers authority under the laws of the State of California;

b. The Authority has full legal power and lawful authority to enter into the Authority Documents and to carry out the transactions contemplated under the Authority Documents;

c. The Authority Resolution was duly adopted at a meeting of the governing body of the Authority, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Authority Resolution is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption;

d. The Authority Documents have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

e. To the best knowledge of such counsel, the execution and delivery of the Authority Documents and the Official Statement and compliance with the provisions thereof under the circumstances contemplated thereby: (1) do not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound; and (2) do not and will not in any material respect conflict with or constitute on the part of the Authority a violation, breach of or default under any court order or consent decree to which the Authority is subject;

f. The Authority Documents and the Official Statement have been duly authorized by the Board of Directors of the Authority and executed on its behalf by an authorized officer of the Authority; and

g. Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the Authority) or, to such counsel's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (1) affect the creation, organization, existence or powers of the Authority, or the titles of its members and officers to their respective offices; (2) enjoin or restrain the issuance, sale and delivery of the Bonds, the collection of the Revenues or the pledge thereof; (3) in any way question or affect any of the rights, powers, duties or obligations of the Authority with respect to the Revenues or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds; (4) in any way question or affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds; or (5) in any way question or affect the Authority Documents or the transactions contemplated by the Authority Documents, the Official Statement, or any activity regarding the Bonds;

xv. A certificate of HdL Coren & Cone (the "Fiscal Consultant"), dated the Closing Date, addressed to the Authority, the Agency and the Underwriters, in form and substance acceptable to the Underwriters, (i) certifying as to the accuracy of (A) the information contained in APPENDIX B—"FISCAL CONSULTANT'S REPORT", and the information in Appendix A to the Official Statement under the captions "CITY OF WEST COVINA SUCCESSOR AGENCY—The Redevelopment Plans and the Project Areas," "SECURITY FOR THE REFUNDING BONDS—Pass-Through Agreements," "—Statutory Pass-Through

Amounts,” “—Section 33676 Election,” and “THE PROJECT AREAS,” (ii) consenting to the inclusion of such firm’s Fiscal Consultant’s Report in the Preliminary Official Statement and the Official Statement, and (iii) stating that, to the best of such firm’s knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm’s attention between the date of such report and the Closing Date that which would materially alter any of the conclusions set forth in such report;

xvi. Certified copies of the general resolution of the Authority Trustee authorizing the execution and delivery of certain documents by certain officers of the Authority Trustee, which resolution authorizes the execution of the Trust Agreement and the authentication of the Bonds;

xvii. A Certificate of the Authority Trustee addressed to the Underwriters and the Authority dated the Closing Date, to the effect that: (i) the Authority Trustee is authorized to carry out corporate trust powers, and has full power and authority to perform its duties under the Trust Agreement; (ii) the Authority Trustee is duly authorized to execute and deliver the Trust Agreement, to accept the obligations created by the Trust Agreement and to authenticate the Bonds pursuant to the terms of the Trust Agreement; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Authority Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Authority Trustee of the other transactions contemplated to be performed by the Authority Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Trust Agreement; and (iv) to the best of its knowledge, compliance with the terms of the Trust Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Authority Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Authority Trustee or any of its activities or properties;

xviii. An opinion of counsel to the Authority Trustee, dated the Closing Date, addressed to the Underwriters, the Authority and the Agency to the effect that the Authority Trustee is a national banking association duly organized and validly existing under the laws of the United States of America having full power and being qualified to enter into, accept and agree to the provisions of the Trust Agreement, and that the Trust Agreement has been duly authorized, executed and delivered by the Authority Trustee, and, assuming due execution and delivery by the respective other parties thereto, constitutes the legal, valid and binding obligation of the Authority Trustee enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors’ rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought;

xix. A certificate of the Authority dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriters, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

xx. A Certificate of the Local Obligations Trustee in form and substance acceptable to the Authority, the Agency, Bond Counsel and the Underwriters;

xxi. An opinion of counsel to the Local Obligations Trustee dated the Closing Date, addressed to the Agency, the Authority and the Underwriters in form and substance acceptable to the Underwriters;

xxii. A letter addressed to the Authority and the Agency, dated the date of the Closing, from _____ verifying the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of the government obligations, together with other moneys, if any, to be deposited in the applicable redemption fund to pay when due pursuant to the stated maturity or call for redemption or prepayment, as applicable, the principal of and interest and premium with respect to the Refunded Obligations;

xxiii. Evidence that the ratings on the Bonds are as described in the Official Statement;

xxiv. Copies of proposed and final CDIAC Notices;

xxv. A copy of the DOF Letter (defined in the Agency Letter of Representations);

xxvi. A copy of the Oversight Board Resolution, together with a certificate of the Clerk of the Oversight Board, dated as of the Closing Date, to the effect that such resolution is a true, correct and complete copy of the resolution duly adopted by the Board of Directors of the Oversight Board;

xxvii. A copy of the Surety Policy;

xxviii. An opinion of counsel and/or a certificate of the Insurer as to the enforceability of its Surety Policy and as to the accuracy of the information in the Official Statement relating to the Insurer and its Surety Policy;

xxix. Specimen Bonds and Local Obligations duly authenticated by the Authority Trustee and Local Obligations Trustee, respectively; and

xxx. Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the Authority contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Authority and the Agency at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Authority and the Agency in connection with the transactions contemplated hereby and by the Local Obligations Indenture, the Trust Agreement, the Local Obligations Purchase Contract, the Escrow Agreements, the Continuing Disclosure Agreement and the Official Statement.

If the Authority shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Authority nor the Underwriters shall be under any further obligation hereunder, except that the respective obligations of the Authority and the Underwriters set forth in Section 5 hereof shall continue in full force and effect.

4. Conditions to the Obligations of the Authority.

A. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to the sale of the Bonds, to the accuracy in all material respects of the representations and warranties on the part of the Agency contained in the Local Obligations Purchase Contract, to the accuracy in all material respects of the statements of the officers and other officials of the Agency made in any certificates or other documents furnished pursuant to the provisions hereof, and to the performance by the Agency of its obligations to be performed under the Local Obligations Purchase Contract and the conditions precedent to be performed by the Agency pursuant thereto at or prior to the Closing Date. The obligations of the Authority shall be further subject to the satisfaction of the conditions contained in Section 3 of this Purchase Agreement.

B. If the Agency or the Authority shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the Local Obligations contained in the Local Obligations Purchase Contract, or if the obligations of the Authority to purchase, accept delivery of and pay for the Local Obligations shall be terminated for any reason permitted thereby, this Purchase Agreement shall terminate and neither the Authority nor the Underwriters shall be under any further obligation hereunder, except that the respective obligations of Agency and the Authority set forth in Section 5 hereof shall continue in full force and effect.

5. Expenses. The Authority will pay or cause to be paid the approved expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Bonds, including, but not limited to, (a) the cost of the preparation and printing or other reproduction of the Authority Documents and the Agency Documents (other than this Purchase Agreement); (b) the fees and disbursements of Bond Counsel, the Financial Advisor, Fiscal Consultant and any other experts or other consultants retained by the Authority or the Agency; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds and the Local Obligations; (e) the cost of providing immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Preliminary Official Statement and Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the Underwriters' out-of-pocket expenses (included in the expense component of the spread) incurred by the Underwriter which are incidental to implementing this Purchase Agreement; and (h) the cost of the premium for the purchase of the Surety Policy. The Underwriters shall pay, and the Authority shall be under no obligation to pay, the expenses of the preparation of this Purchase Agreement and all other expenses incurred by the Underwriters in connection with the public offering and distribution of the Bonds, including CDIAAC fees and the fee and disbursements of Underwriters' Counsel.

6. Notices. Any notice or other communication to be given to the Authority under this Purchase Agreement may be given by delivering the same in writing to the County of Los Angeles, Kenneth Hahn Hall of Administration, 500 West Temple Street, Room 437, Los Angeles, California 90012, Attention: Treasurer and Tax Collector; any notice or other communication to be given to the Underwriters under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 37th Floor, San Francisco, California 94104, Attention: Ralph Holmes.

7. Parties In Interest. This Purchase Agreement is made solely for the benefit of the Authority and the Underwriters (including any successors or assignees of the Underwriters)

and no other person shall acquire or have any right hereunder or by virtue hereof; provided, however, that the Agency is an intended third party beneficiary of this Purchase Agreement.

8. Survival of Representations and Warranties. The representations and warranties of the Authority under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriters (or statements as to the results of such investigations) concerning such representations and statements of the Authority and regardless of delivery of and payment for the Bonds.

9. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

10. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable as of the time of such acceptance.

11. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Authority.

12. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

13. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
as Representative of the Underwriters

By: _____
Its: Authorized Officer

ACCEPTED:

This ___ day of _____, 2017 at _____ a.m./p.m.

COUNTY OF LOS ANGELES REDEVELOPMENT
REFUNDING AUTHORITY

By: _____
Its: Treasurer

APPROVED AS TO FORM:

MARY C. WICKHAM,
County Counsel

By: _____
Principal Deputy County Counsel

EXHIBIT A

Schedule of Bond Maturities, Principal Amounts and Interest Rates

\$ _____
**COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY
TAX ALLOCATION REVENUE REFUNDING BONDS,
SERIES 2017A (TAX-EXEMPT)**

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
---	------------------------------------	-----------------------------	---------------------	---------------------

* Term Bonds

c Priced to optional redemption date of September 1, 20__ at par.

The Purchase Price for the Series A Bonds shall be \$_____ (being the aggregate principal amount of the Series A Bonds plus/less a [net] original issue premium/discount of \$_____ and less an Underwriters' discount of \$_____. [In connection with the issuance of the Series A Bonds, the Underwriters shall wire \$_____ directly to the Insurer for a portion of the costs of the premium on the Surety Policy.]

\$ _____
COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY
TAX ALLOCATION REFUNDING BONDS,
SERIES 2017B (FEDERALLY TAXABLE)

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
---	------------------------------------	-----------------------------	---------------------	---------------------

* Term Bonds

The Purchase Price for the Series B Bonds shall be \$_____ (being the aggregate principal amount of the Series B Bonds plus/less a [net] original issue premium/discount of \$_____ and less an Underwriters' discount of \$_____. [In connection with the issuance of the Series B Bonds, the Underwriters shall wire \$_____ directly to the Insurer for a portion of the costs of the premium on the Surety Policy.]

EXHIBIT B

Agency Letter of Representations of the Successor Agency to the West Covina Redevelopment Agency, as Successor Agency to the West Covina Community Development Commission

Stifel, Nicolaus & Company, Incorporated
San Francisco, California

Citigroup Global Markets Inc.
Los Angeles, California

County of Los Angeles Redevelopment Refunding Authority
Los Angeles, California

The Successor Agency to the West Covina Redevelopment Agency, as Successor Agency to the West Covina Community Development Commission (the "Agency") hereby represents and warrants as follows:

1. The Agency is a public entity validly existing under the laws of the State of California (the "State") with full right, power and authority to adopt the Agency Resolution, to issue the Local Obligations and to execute, deliver and perform its obligations under the Local Obligations Indenture, Local Obligations Purchase Contract, Continuing Disclosure Agreement and Escrow Agreements (collectively, the "Agency Documents") and to carry out and consummate the transactions on its part contemplated by the Agency Documents and the Official Statement.

2. By all necessary official action, the Agency has duly adopted the Resolution No. S.A. ___-2016 (the "Agency Resolution") at a meeting properly noticed at which a quorum was present and acting throughout and has duly authorized and approved the execution and delivery of, and the performance by the Agency of the obligations contained in, the Agency Documents, and as of the date hereof such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the Agency and the other respective parties thereto, the Agency Documents will constitute the legally valid and binding obligations of the Agency enforceable upon the Agency in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against governmental agencies in the State of California. The Agency has complied, and will at the Closing be in compliance in all respects, with the terms of the Agency Documents.

3. The Agency deems Appendix A to the Preliminary Official Statement to be final for purposes of the Securities and Exchange Commission Rule 15c2-12(b)(5) and has approved the distribution of such appendix as a part of the Preliminary Official Statement pursuant to the Agency Resolution.

4. The information contained in Appendix A to the Preliminary Official Statement is true and correct in all material respects, and information contained in Appendix A to the Preliminary Official Statement does not contain a misstatement of any material fact and does

not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

5. Up to and including 25 days after the End of the Underwriting Period, if any event shall occur of which the Agency is aware, as a result of which it may be necessary to supplement Appendix A to the Official Statement in order to make the statements in Appendix A to the Official Statement, in light of the circumstances existing at such time, not misleading, the Agency shall forthwith notify the Authority and the Underwriters of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriters' opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Bonds are delivered to the Underwriters; or (ii) the Underwriters do not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriters give notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant the previous sentence shall be written notice delivered to the Agency at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period." If in the opinion of the Underwriters any such event or proceedings requires the preparation and distribution of a supplement or amendment to the Official Statement, the Agency shall assist the Authority and the Underwriters in preparing and furnishing the information necessary to supplement or amend the Official Statement. If such amendment or supplement to the Official Statement shall be made subsequent to the Closing Date, the Agency also shall furnish, or cause to be furnished, such additional certificates, instruments and other documents as the Underwriters may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

6. Except as otherwise disclosed in Appendix A to the Preliminary Official Statement, the Agency is not in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and, as of such times, except as disclosed in Appendix A to the Preliminary Official Statement, the authorization, execution and delivery of the Agency Documents, and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance agreement or other to which the Agency (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Agency Documents.

7. Except as disclosed in Appendix A and under the caption "LITIGATION" to the Preliminary Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively

and individually, an “Action”), pending (notice of which has been served on the Agency) or to the best knowledge of the Agency threatened, in which any such Action: (i) in any way questions the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Local Obligations, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Local Obligations, or in any way contests or affects the validity of the Local Obligations or the Agency Documents or the consummation of the transactions on the part of the Agency contemplated thereby or hereby; (iii) contests the powers of the Agency which may result in any material adverse change relating to the financial condition of the Agency; (iv) except as disclosed in the Official Statement, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the Agency or would result in any material adverse change in the ability of the Agency to pledge or apply any amounts pledged or to be pledged to pay debt service on the Local Obligations; (v) with respect to information relating to the Agency only, contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and there is no known basis for any Action of the nature described in clauses (i) through (v) of this paragraph.

8. The Agency will refrain from taking any action with regard to which the Agency may exercise control that results in the inclusion in gross income for federal or State of California income tax purposes of the interest on the Authority Bonds.

9. Except as disclosed in Appendix A to the Preliminary Official Statement, the Agency has not defaulted under any prior continuing disclosure undertaking in the last five years.

10. The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Local Obligations, and no further Oversight Board approval or consent is required for the issuing of the Local Obligations or the consummation of the transactions described in the Preliminary Official Statement.

11. The Department of Finance of the State of California (the “Department of Finance”) has issued a letter dated _____, 2016, approving the Oversight Board Resolution approving the issuance of the Local Obligations (the “DOF Letter”). No further Department of Finance approval or consent is required for the issuance of the Local Obligations or the consummation of the transactions described in the Preliminary Official Statement.

12. Except as disclosed in Appendix A to the Preliminary Official Statement, the Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Agency pursuant to Section 34183 of the Dissolution Act.

All terms not otherwise defined herein shall have the meaning ascribed to them in the Bond Purchase Agreement, dated _____, 2017 (the “Purchase Agreement”), by and between the County of Los Angeles Redevelopment Refunding Authority (the “Authority”) and Stifel, Nicolaus & Company, Incorporated (the “Representative”), on behalf of itself and Citigroup Global Markets Inc.

SUCCESSOR AGENCY TO THE WEST COVINA
REDEVELOPMENT AGENCY, AS SUCCESSOR
AGENCY TO THE WEST COVINA COMMUNITY
DEVELOPMENT COMMISSION

By: _____
Its: _____

EXHIBIT C

Form of Agency Counsel Opinion

(A) The Agency is a public entity validly existing under the laws of the State of California;

(B) The Agency Resolution approving and authorizing the execution and delivery of the Agency Documents defined below and approving Appendix A to the Official Statement has been duly adopted, and the Agency Resolution is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption;

(C) The Local Obligations Indenture, Local Obligations Purchase Contract, Agreements and the Continuing Disclosure Agreement (collectively, the "Agency Documents") have been duly authorized, executed and delivered by the Agency and, when duly executed by the other respective parties thereto, constitute valid and binding legal obligations of the Agency enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against governmental entities in the State of California;

(D) Except as otherwise disclosed in Appendix A and under the caption "LITIGATION" to the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending (and notice of which has been served on the Agency) or to the best knowledge of such counsel after due inquiry threatened against the Agency, challenging the creation, organization or existence of the Agency, or the validity of the Agency Documents or seeking to restrain or enjoin the repayment of the Local Obligations or in any way contesting or affecting the validity of the Agency Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Documents, or which, in any manner, questions the right of the Agency to use the Tax Revenues (defined in the Local Obligations Indenture) for repayment of the Local Obligations or affects in any manner the right or ability of the Agency to collect or pledge the tax revenues as described in Appendix A to the Official Statement; and

(F) Except as otherwise disclosed in Appendix A to the Official Statement, there are no outstanding bonds, notes or other obligations of the Agency which are payable out of tax increment of any of the redevelopment project areas on a basis senior to the Local Obligations.

EXHIBIT D

REFUNDED OBLIGATIONS

1. \$12,200,000 Redevelopment Agency of the City of West Covina Tax Allocation Revenue Refunding Bonds, Series 2002
2. \$11,275,000 Redevelopment Agency of the City of West Covina Housing Set-Aside Tax Allocation Revenue Bonds, Series 2001
3. Loan Agreement dated as of November 1, 1999, by and between the West Covina Public Financing Authority and the Redevelopment Agency of the City of West Covina entered into in connection with the issuance of the \$3,945,000 West Covina Public Financing Authority Taxable Variable Rate Demand Tax Allocation Bonds, Series 1999 (Redevelopment Agency of the City of West Covina-West Covina Redevelopment Project-Subordinate Lien)
4. \$4,945,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Series A
5. \$1,200,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Taxable Series B

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017

NEW ISSUES – BOOK-ENTRY ONLY

STANDARD & POOR'S RATING:

Series 2017 Bonds: "___"

See "RATING" herein.

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, the interest (and original issue discount) with respect to the Series 2017A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, the interest (and original issue discount) due with respect to the Series 2017 Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.



COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY
Tax Allocation Revenue Refunding Bonds

\$ _____*
Series 2017A (Tax-Exempt)
West Covina

\$ _____*
Series 2017B (Federally Taxable)
West Covina

Dated: Date of Delivery**Due: As Shown on the Inside Cover Pages**

The County of Los Angeles Redevelopment Refunding Authority (the "Authority") will issue its Tax Allocation Revenue Refunding Bonds, Series 2017A (Tax-Exempt) (the "Series 2017A Bonds") and its Tax Allocation Revenue Refunding Bonds, Series 2017B (Federally Taxable) (the "Series 2017B Bonds") and, together with the Series 2017A Bonds, the "Series 2017 Bonds" or, individually, a "Series") pursuant to a Trust Agreement, dated as of _____ 1, 2017 (the "Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Concurrently with the issuance of the Series 2017 Bonds, the Successor Agency to the West Covina Redevelopment Agency (the "Agency Participant"), will issue two individual series of tax allocation refunding bonds (each a "Local Obligation" and, together, the "Local Obligations") for its Project Areas (the "Project Areas") pursuant to an Indenture of Trust, dated as of _____ 1, 2017 (the "Agency Indenture"), by and between the Agency Participant and U.S. Bank National Association (the "Agency Trustee"), the proceeds of which will be used to refund all or portion of certain bonds and indebtedness of the Agency Participant as more fully described herein. Proceeds of each Series of the Series 2017 Bonds will be used to purchase the related Local Obligations.

Each Series of the Series 2017 Bonds will be special, limited obligations of the Authority, payable from and secured by Revenues (as defined herein) of the Authority, consisting primarily of payments on the Local Obligations to be purchased by the Authority under the Trust Agreement and received by the Authority from the Agency Participant. Each series of Local Obligations will be payable from and secured by designated property tax revenues (formerly tax increment revenues) related to the Project Areas of the Agency Participant, which will include moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund for the benefit of the Agency Participant as provided in the California Health and Safety Code as more fully described herein. Collectively, such designated property tax (subject to certain statutory and contractual deductions specified in the Agency Indenture) as pledged under the Agency Indenture is referred to herein as "Tax Revenues." Each Series of Local Obligations is payable from Tax Revenues on a parity with each other. Debt service on the Local Obligations will be subordinate to the payment of debt service on the Prior Agreement, Pass-Through Agreements, 33676 Amounts and Statutory Pass-Through Amounts (as described herein). Payments on the Local Obligations to be purchased by the Authority under the Trust Agreement are calculated to be sufficient to permit the Authority to pay the principal of, premium (if any) and interest on the related Series of Series 2017 Bonds when due. The Local Obligations will be registered in the name of the Trustee under the Trust Agreement and payments on the Local Obligations will be paid to the Trustee. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS."

The Series 2017 Bonds will be issued in Authorized Denominations of \$5,000 and any integral multiple thereof. The Series 2017 Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2017 Bonds. Ownership interests in the Series 2017 Bonds may be purchased in book-entry form only. Principal of and interest and redemption premium (if any) on the Series 2017 Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Series 2017 Bonds. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

The Series 2017 Bonds will be subject to redemption prior to maturity, as described herein. See "THE SERIES 2017 BONDS – Redemption" herein.

THE SERIES 2017 BONDS WILL BE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE FROM AND SECURED AS TO THE PAYMENT OF THE PRINCIPAL THEREOF AND THE REDEMPTION PREMIUM, IF ANY, AND THE INTEREST THEREON IN ACCORDANCE WITH THEIR TERMS AND THE TERMS OF THE TRUST AGREEMENT, SOLELY FROM THE TRUST ESTATE ESTABLISHED UNDER THE TRUST AGREEMENT. THE SERIES 2017 BONDS SHALL NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR ANY OF ITS MEMBERS, AND UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE OBLIGATED TO PAY PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON ANY SERIES OF SERIES 2017 BONDS EXCEPT FROM THE TRUST ESTATE. NEITHER THE STATE NOR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) NOR ANY MEMBER OF THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2017 BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY

* Preliminary, subject to change.

PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2017 BONDS. THE PAYMENT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2017 BONDS DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2017 Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by County Counsel as Counsel to the Authority. Certain legal matters will be passed upon for the Agency Participant by Jones & Mayer, Fullerton, California. Certain legal matters will be passed upon for the Underwriters by their counsel, Jones Hall, A Professional Law Corporation, San Francisco, California. It is anticipated that the Series 2017 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about _____, 2017.

[Stifel Logo]

[Citigroup Logo]

Dated: _____, 2017

MATURITY SCHEDULE

COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY

\$ _____
Tax Allocation Revenue Refunding Bonds
Series 2017A (Tax-Exempt)
West Covina
(Base CUSIP[†]: _____)

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP[†] No.</i>
--	--------------------------------	-----------------------------	---------------------	-------------------------------------

\$ _____ % Term Bonds due September 1, _____, Yield: _____%, CUSIP[†] _____

[†] CUSIP is a registered trademark of the American Bankers Association. Copyright© 1999-2017 American Bankers Association. All rights reserved. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association and is included solely for the convenience of the purchasers of the Series 2017 Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. The Authority, the County, the Agency Participant, the Underwriters and the Financial Advisor do not assume responsibility for the accuracy of such data.

\$ _____
Tax Allocation Revenue Refunding Bonds
Series 2017B (Federally Taxable)
West Covina
(Base CUSIP[†]: _____)

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP[†] No.</i>
--	-------------------------	----------------------	--------------	------------------------------

\$ _____ % Term Bonds due September 1, _____, Yield: _____ %, CUSIP[†] _____

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COUNTY OF LOS ANGELES

County of Los Angeles Redevelopment Refunding Authority
Tax Allocation Revenue Refunding Bonds, Series 2017A and 2017B

Board of Directors / County Board of Supervisors

Hilda L. Solis

First District, Chair

Mark Ridley-Thomas

Second District

Sheila Kuehl

Third District

Don Knabe

Fourth District

Michael D. Antonovich

Fifth District

Lori Glasgow

Executive Officer-Clerk

Board of Supervisors

County Officials

Sachi A. Hamai

Chief Executive Officer

Mary C. Wickham

County Counsel

Joseph Kelly

Treasurer and Tax Collector

John Naimo

Auditor-Controller

HdL Coren Cone

Fiscal Consultant

KNN Public Finance, a Limited Liability Company

Financial Advisor

U.S. Bank National Association

Trustee

Causey Demgen & Moore P.C.

Verification Agent

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County of Los Angeles, California (the "County"), the County of Los Angeles Redevelopment Refunding Authority (the "Authority") or the Successor Agency to the West Covina Redevelopment Agency (the "Agency Participant"). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Series 2017 Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from the Authority, the County, the Agency Participant, and other sources that are believed by the Authority, the County and the Agency Participant to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the Series 2017 Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency Participant, the County or the Authority since the date hereof. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the Authority and the Agency Participant. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2017 BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2017 BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events or circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. Neither the Authority nor the Agency Participant plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur. All statements other than statements of historical facts included in this Official Statement, including Appendix A, including without limitation the statements included in such Appendix under the captions "THE PROJECT AREAS" and "SECURITY FOR THE REFUNDING BONDS" regarding the financial position, capital resources and status of the project areas are forward-looking statements. Although the Agency Participant believes that the expectations reflected in its forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Important factors which could cause actual results to differ materially from expectations of the Agency Participant (collectively, the "Cautionary Statements") are disclosed under the captions "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" and in Appendix A under the caption "SPECIAL RISK FACTORS." All forward-looking statements attributable to the Agency Participant are expressly qualified in their entirety by the Cautionary Statements.

The County and the Agency Participant described in this Official Statement each maintain their own website. However, the information presented on such websites is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2017 Bonds.

_____ (“_____”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, _____ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding _____ supplied by _____ and presented under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Reserve Policy.”

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OFFICIAL STATEMENT

**COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY
Tax Allocation Revenue Refunding Bonds**

\$ _____*
Series 2017A (Tax-Exempt)
West Covina

\$ _____*
Series 2017B (Federally Taxable)
West Covina

INTRODUCTION

This introduction contains only a brief summary of certain terms of the Series 2017 Bonds being offered, and a brief description of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the “State”) and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in the forepart of this Official Statement and not otherwise defined herein have the respective meanings assigned to them in the Trust Agreement. See APPENDIX D – “SUMMARY OF TRUST AGREEMENT” attached hereto. For information regarding the Agency Participant and the terms of the Agency Indenture for the Local Obligations (each as defined below), see APPENDIX A.

General

This Official Statement, including the cover page, the inside cover pages and the appendices attached hereto (the “Official Statement”), provides certain information concerning the sale and issuance by the County of Los Angeles Redevelopment Refunding Authority (the “Authority”) of its Tax Allocation Revenue Refunding Bonds, Series 2017A (Tax-Exempt) (the “Series 2017A Bonds”) and its Tax Allocation Revenue Refunding Bonds, Series 2017B (Federally Taxable) (the “Series 2017B Bonds”) and, together with the Series 2017A Bonds, the “Series 2017 Bonds” or, individually, a “Series”). Each Series of the Series 2017 Bonds will be issued pursuant to a Trust Agreement dated as of _____ 1, 2017 (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”) and the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended from time to time.

For over 50 years, State law provided for the creation of redevelopment agencies and redevelopment commissions in accordance with the Community Redevelopment Law (Part 1 of Division 24 of the California Health and Safety Code and referred to herein as the “Law”). Once created, each was authorized to transact business and exercise its powers, all under and pursuant to the Law, including the power to issue bonds and incur indebtedness for any of its corporate purposes. As part of an effort to address structural deficits in the State’s general fund budgets for its fiscal years 2011-12 and 2012-13, the State Legislature and Governor serially enacted Assembly Bill X1 26 (“AB 26”) and Assembly Bill 1484 (“AB 1484”) as trailer bills necessary to implement provisions of the State’s budget acts for such years. The State Legislature subsequently enacted Senate Bill 107 (“SB 107”) which amended the provisions of AB 26 and AB 1474 to, among other things, eliminate certain plan limits for redevelopment project areas.

* Preliminary, subject to change.

In general, this legislation dissolved redevelopment agencies (“Former RDAs”) and provided for the assumption of defined enforceable obligations by successor agencies and other designated authorities to such Former RDAs (the “Successor Agencies”) under limited powers and authority. AB 1484 was enacted on June 27, 2012 as part of the Fiscal Year 2012-13 State of California budget bill. AB 1484 modified and supplemented provisions of AB 26, including provisions related to the refunding of outstanding Former RDA bonds and other indebtedness, and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010. With respect to outstanding bonds and indebtedness, AB 1484 authorizes Successor Agencies to refund outstanding bonds or other indebtedness provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the bonds or other indebtedness as described herein, to establish customary debt service reserves, and to pay related costs of issuance. See “THE REFUNDING PLAN” in Appendix A for information with respect to the refunding plan.

The County Refunding Program

The County of Los Angeles (the “County”) has developed a program (the “County Refunding Program”) and caused the formation of the Authority to assist Successor Agencies within the County to refund tax increment obligations pursuant to AB 1484 in order to provide debt service savings and to increase property tax revenues available for distribution to affected taxing entities. Concurrently with the issuance of the Series 2017 Bonds, the Successor Agency to the West Covina Redevelopment Agency (the “Agency Participant”) will issue two individual series of tax allocation refunding bonds (each a “Local Obligation” and, together, the “Local Obligations”) pursuant to an Indenture of Trust dated as of _____ 1, 2017 (the “Agency Indenture”), by and between the Agency Participant and U.S Bank National Association (the “Agency Trustee”), the proceeds of which will be used to refund certain bonds relating to the Agency Participant’s Project Areas (the “Project Areas”), as more fully described herein. Proceeds of each Series of the Series 2017 Bonds will be used to purchase the Local Obligations.

From time to time, the Authority may issue other tax allocation refunding bonds, each under a separate trust agreement and offering document, for the purpose of assisting Successor Agencies within the County, which may include the Agency Participant, to refund tax increment obligations pursuant to AB 1484 by purchasing tax allocation refunding bonds issued by such Successor Agencies. There is no cross-collateralization among any of such tax allocation refunding bonds issued by the Authority.

For detailed information regarding the Agency Participant and the terms of the Agency Indenture for the Local Obligations, see “SECURITY FOR THE REFUNDING BONDS” in Appendix A.

Each Series of the Series 2017 Bonds will be special, limited obligations of the Authority, payable from and secured by Revenues (as defined herein) of the Authority, consisting primarily of payments on the Local Obligations to be purchased by the Authority under the Trust Agreement and received by the Authority from the Agency Participant. The Local Obligations consist of the: (i) Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt) (the “Series A Local Obligations”), and (ii) Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable) (the “Series B Local Obligations”). The Series 2017A Bonds will be secured solely by the payments made on the Series A Local Obligations and the Series 2017B Bonds will be secured solely by the payments made on the Series B Local Obligations.

The Series A Local Obligations are being issued to refund certain of the Former RDA's outstanding obligations as described in Appendix A under the caption "THE REFUNDING PLAN" which are currently outstanding in the aggregate principal amount of \$_____ (collectively, the "Series A Refunded Bonds").

The Series B Local Obligations are being issued to refund certain of the Former RDA's outstanding obligations as described in Appendix A under the caption "THE REFUNDING PLAN" which are currently outstanding in the aggregate principal amount of \$_____ (collectively, the "Series B Refunded Bonds," and with the Series A Refunded Bonds, the "Refunded Bonds").

Each series of Local Obligations will be payable from and secured by designated property tax revenues (formerly tax increment revenues) related to the Project Areas as specified in the Agency Indenture, which will include moneys deposited, from time to time, in the related Redevelopment Property Tax Trust Fund ("RPTTF") attributable to the Agency Participant and the Project Areas, as provided in California Health and Safety Code section 34183, as more fully described herein. The Agency Indenture specifies the property tax revenues pledged. Collectively, such designated property tax (subject to certain statutory and contractual deductions specified in the Agency Indenture) as pledged under the Agency Indenture is referred to herein as "Tax Revenues."

Under the Agency Indenture, Tax Revenues is defined to mean: "all taxes annually allocated and paid to the Agency [Participant] pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws that are available for deposit into the RPTTF, subject to the prior payments with respect to Pass-Through Obligations and the Prior Agreement (unless otherwise subordinated), and limited, in each case, to the extent of the project area-specific or site-specific portion of such Tax Revenues applicable and/or pledged to the payment of such obligations.

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 California Health and 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. Other bonds of the Agency Participant currently have, and future bonds and obligations will have, a parity claim on moneys deposited into or available for deposit into the RPTTF so long as the requirements of the Dissolution Act have been satisfied."

Each Series of Local Obligations is payable from Tax Revenues on a parity with each other. Payments on the Local Obligations to be purchased by the Authority under the Trust Agreement are calculated to be sufficient to permit the Authority to pay the principal of, premium (if any) and interest on the related Series of Series 2017 Bonds when due. The Local Obligations will be registered in the name of the Trustee and Local Obligation payments will be paid to the Trustee under the Trust Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS" herein.

This Official Statement describes two Series of Series 2017 Bonds, each secured by and issued under the Trust Agreement and secured by and payable from Revenues (as defined herein).

The County Intercept

In order to assist the Agency Participant, the County Auditor-Controller and the County Treasurer and Tax Collector have accepted the irrevocable direction of the Agency Participant to transfer on or about each January 2 and June 1 to an account of the Agency Participant, held by the Agency Trustee

under the Agency Indenture, all amounts set forth in any duly approved Recognized Obligation Payment Schedule (“ROPS”) with respect to principal and interest payments due on the Local Obligations and any senior obligations, and any deficiency in the reserve account for the Local Obligations. Such transfers to the Agency Trustee shall be made after the payment of unsubordinated pass-through obligations to local taxing entities, if any, as provided in Section 34183(a) of the California Health and Safety Code, and after the payment of subordinated pass-through obligations in the event such subordinated amounts are not required to pay debt service on the Series 2017 Bonds. The Authority has covenanted to take such actions as may be reasonable and necessary to compel the County Auditor-Controller and the County Treasurer and Tax Collector to comply with the irrevocable direction of the Agency Participant to make such transfers. However, no assurance can be given that a court would order the County Auditor-Controller and the County Treasurer and Tax Collector to continue to make such transfers if either or both refused to do so. The Agency Participant remains obligated under the Agency Indenture to take all actions required under the Dissolution Act to include on its ROPS for both six-month periods covered thereby all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the Agency Indenture, including any amounts required to pay principal and interest payments due on the Local Obligations, any deficiency in the reserve account for the Local Obligations to the debt service reserve requirement, and any Compliance Costs (as defined in this Official Statement).

Terms of the Series 2017 Bonds

The Series 2017 Bonds will be issued in Authorized Denominations of \$5,000 and any integral multiple thereof. The Series 2017 Bonds will be dated the date of original delivery thereof and will bear interest payable semiannually on March 1 and September 1, commencing on _____ 1, [2017]. Principal on the Series 2017 Bonds will be due on September 1, as shown on the inside cover.

The Series 2017 Bonds will be issued in fully-registered form only, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2017 Bonds. Ownership interests in the Series 2017 Bonds may be purchased in book-entry form only. Principal of and interest on the Series 2017 Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Series 2017 Bonds. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM” attached hereto.

The Series 2017 Bonds will be subject to redemption prior to maturity, as described herein. See “THE SERIES 2017 BONDS – Redemption” herein.

Security and Sources of Payment for the Series 2017 Bonds

The Series 2017 Bonds will be special limited obligations of the Authority, payable from and secured as to the payment of the principal, redemption premium (if any) and interest thereon in accordance with their terms and the terms of the Trust Agreement, solely from (i) the Revenues (as defined below); (ii) the amounts in the funds and accounts established under and as specified in the Trust Agreement (except amounts in the Rebate Fund and the Expense Account), and (iii) the Local Obligations purchased from proceeds of the related Series of Series 2017 Bonds (collectively, the “Trust Estate”). Under the Trust Agreement, “Revenues” is defined to mean all amounts received by the Trustee as the payment of interest or redemption premium on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Local Obligations purchased from proceeds of such Series of Series 2017 Bonds, whether as a result of scheduled payments or redemptions or remedial proceedings taken in the event of a default thereon, and all investment earnings on any moneys held in the funds or accounts established under the Trust Agreement, except the Rebate Fund and the Expense Account.

The Series 2017 Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of, premium (if any) and interest on any Series of Series 2017 Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of, premium (if any) and interest on the Series 2017 Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of, premium (if any) and interest on the Series 2017 Bonds. The payment of the principal of, premium (if any) and interest on the Series 2017 Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority. See APPENDIX D – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto.

Each series of Local Obligations will be special limited obligations of the Agency Participant and is payable, as to principal, redemption premium (if any) and interest thereon, exclusively from the Tax Revenues under, and to the extent described in, the Agency Indenture, and the Agency Participant is not obligated to pay such principal of, premium (if any) and interest on the Local Obligations except from such Tax Revenues. See Appendix A for a description of the lien of Tax Revenues for the Project Areas, including a description of any superior claims and liens on such Tax Revenues. Each series of Local Obligations will be payable as set forth in the Agency Indenture, is not a debt of the City of West Covina, the County, the State or any other political subdivision of the State, and none of the City of West Covina, the State, the County nor any of the State’s other political subdivisions is liable therefor, nor in any event shall a series of Local Obligations be payable out of any funds or properties other than those of the Agency Participant pledged therefor as provided in the Agency Indenture.

The Series 2017A Bonds will be secured solely by the payments made on the Series A Local Obligations and the Series 2017B Bonds will be secured solely by the payments made on the Series B Local Obligations. All of the obligations of the Agency Participant and the Project Areas with respect to the Local Obligations are not general obligations of the Agency Participant or Former RDA, but are limited obligations of the Agency Participant and the Project Areas, payable solely from the Tax Revenues under, and to the extent described in, the Agency Indenture and the funds pledged therefor under the Agency Indenture, as applicable.

For information regarding the Agency Participant and the Agency Indenture, see Appendix A under the caption “SECURITY FOR THE REFUNDING BONDS.”

Reserve Account under Agency Indenture

Upon the issuance of the Local Obligations, the Reserve Policy will be deposited into the reserve account established under the Agency Indenture in an amount equal to the debt service reserve requirement for the Local Obligations. For information regarding the reserve account relating to the Agency Indenture and the Project Areas, see Appendix A under the heading “Reserve Account” under the caption “SECURITY FOR THE REFUNDING BONDS.”

Reserve Policy

_____ (“_____”) will issue a municipal bond debt service reserve insurance policy (the “Reserve Policy”) for the Local Obligations as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Reserve Policy” and Appendix A under the heading “Reserve Account” under the caption “SECURITY FOR THE REFUNDING BONDS.”

Additional Bonds

The Trust Agreement does not authorize the issuance of additional bonds or parity debt. There is limited authority under the Agency Indenture for the Agency Participant to issue additional bonds. The Dissolution Act in its current form does not permit a Successor Agency issuing bonds or incurring other indebtedness for purposes other than refunding existing enforceable obligations or outstanding bonds of the agency resulting in savings. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” herein and Appendix A under the heading “Parity Debt Limited to Refunding Bonds” under the caption “SECURITY FOR THE REFUNDING BONDS.”

The County

The County is located in the southern coastal portion of the State and covers 4,084 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and is more populous than 43 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, and tourism.

The Authority

The Authority was formed pursuant to a Joint Exercise of Powers Agreement, dated August 6, 2013 (the “JPA Agreement”), by and between the County and the Los Angeles County Public Works Financing Authority, a joint exercise of powers authority formed pursuant to a Joint Exercise of Powers Agreement, dated May 18, 1993, as amended by a Certificate of Amendment dated April 26, 1994 and a Certificate of Amendment dated October 22, 1996, to purchase certain local tax allocation obligations issued by Successor Agencies to Former RDAs within the County as described in Section 34173 of the California Health and Safety Code, as amended, and other purposes, including refunding any of its then-outstanding bonds.

Continuing Disclosure

The Agency Participant will covenant and agree for the benefit of Owners and any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2017 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) (the “Beneficial Owners”) to provide certain financial information and operating data relating to the Agency Participant by not later than eight months following the end of the Agency Participant’s fiscal year (presently June 30) in each year commencing with its report for the 2016-17 Fiscal Year. The Agency Participant will covenant and agree to provide notices of the occurrence of certain enumerated events, though the Authority may do so on the Agency Participant’s behalf. See “CONTINUING DISCLOSURE” and APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” For information regarding the Agency Participant and the Continuing Disclosure Agreement, see Appendix A under the heading “Continuing Disclosure” under the initial captions describing the Agency Participant.

The Authority as Dissemination Agent

The Authority has agreed to assist the Agency Participant in the preparation of annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections and principal taxpayers. The Agency Participant will agree to be responsible for preparing the audited financial statements required under the Continuing Disclosure Agreement. The Authority will act as Dissemination Agent (the “Dissemination Agent”) and will file the annual reports,

including audited financial statements, if any, and notices with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”), including notices of enumerated events. In carrying out the duties of Dissemination Agent, the Authority will adhere to the continuing disclosure procedures approved by the County Treasurer and Tax Collector.

REFUNDING OF AGENCY OBLIGATIONS

Proceeds of each Series of the Series 2017 Bonds will be used by the Authority to purchase the Local Obligations. The Local Obligations are being issued to (i) refund the Refunded Bonds, (ii) fund a deposit to, or purchase a surety for deposit to, a reserve account under the Agency Indenture for the benefit of the related Series of Series 2017 Bonds, and (iii) pay costs of issuance of the Local Obligations and the related Series of Series 2017 Bonds. The Refunded Bonds were originally issued to finance or refinance improvements for the benefit of the Project Areas. For information regarding the Agency Participant and the refunding plan, see Appendix A under the caption “THE REFUNDING PLAN.”

The following tables detail the principal amount of each Local Obligation, final maturity of each Local Obligation, and the principal amount of Refunded Bonds to be refunded.

<i>Series 2017A Bonds</i>			
<i>Local Obligation</i>	<i>Local Obligation Amount</i>	<i>Refunded Bond Amount⁽¹⁾</i>	<i>Final Maturity</i>
Series A Local Obligations	_____	_____	_____
<i>Series 2017B Bonds</i>			
<i>Local Obligation</i>	<i>Local Obligation Amount</i>	<i>Refunded Bond Amount⁽¹⁾</i>	<i>Final Maturity</i>
Series B Local Obligations	_____	_____	_____

⁽¹⁾ Principal amount at the redemption date.

On the date of issuance of the Series 2017 Bonds and the Local Obligations, a portion of the proceeds will be transferred, to an escrow agent (the “Escrow Agent”) for deposit into an escrow fund (the “Escrow Fund”) created for each series of Refunded Bonds pursuant to various Escrow Agreements (each an “Escrow Agreement”). The amount deposited pursuant to each Escrow Agreement, together with other available moneys, will be held uninvested, or invested in certain Federal Securities, and irrevocably pledged for the payment of the related Refunded Bonds on the first date for which redemption can be duly noticed. See Appendix A with respect to the refunding plan under the caption “THE REFUNDING PLAN.”

The amounts held by the Escrow Agent for each respective series of Refunded Bonds are pledged solely to the payment of amounts due and payable by the Agency Participant for such series of Refunded Bonds. The funds irrevocably deposited in the Escrow Funds for the Refunded Bonds will not be available for the payment of debt service on the Local Obligations or the Series 2017 Bonds.

See “ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2017 BONDS” below. See also “VERIFICATION OF MATHEMATICAL ACCURACY” below.

ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2017 BONDS

The proceeds of the Series 2017 Bonds are expected to be applied approximately as set forth below. Costs of issuance, which includes legal fees, printing costs, rating agency fees, underwriters' discount, and other miscellaneous expenses will be paid from proceeds of the Local Obligations.

	<i>Series 2017A Bonds</i>	<i>Series 2017B Bonds</i>	<i>Total</i>
Sources of Funds: ⁽¹⁾			
Principal Amount of Series 2017 Bonds			
Net Original Issue Premium/(Discount)			
Less Underwriters' Discount			
TOTAL SOURCES			

Uses of Funds:
Purchase of Local Obligations⁽²⁾
TOTAL USES

⁽¹⁾ Excludes amounts released from indentures securing certain Refunded Bonds including unspent bond proceeds and existing balances in the debt service funds in excess of required reserves which will be deposited into the Escrow and Redemption Funds for the Refunded Bonds.
⁽²⁾ For more information, see the sources and uses of funds for each of the Local Obligations in the following two tables.

The proceeds of the Series 2017A Bonds are expected to be applied approximately as set forth below. Underwriters' discount and costs of issuance, which includes legal fees, printing costs, rating agency fees, underwriters' discount, and other miscellaneous expenses will be paid from proceeds of the Local Obligations.

***Series 2017A
Bonds***

Sources of Funds:
Principal Amount of Series 2017A Bonds
Net Original Issue Premium/(Discount)
Less Original Purchaser's Discount
Amounts released from prior obligations ⁽¹⁾
TOTAL SOURCES

Uses of Funds:
Deposit to Escrow Funds
Share of Costs of Issuance ⁽²⁾
TOTAL USES

⁽¹⁾ Includes amounts released from indentures securing the Series A Refunded Bonds including unspent bond proceeds and existing balances in the debt service funds in excess of required reserves.
⁽²⁾ Includes cost of share of debt service reserve fund policy, trustee and prior trustee fees, rating agency fees, bond counsel fees, financial advisor fees, printing costs and other miscellaneous expenses.

The proceeds of the Series 2017B Bonds are expected to be applied approximately as set forth below. Underwriters' discount and costs of issuance, which includes legal fees, printing costs, rating agency fees, underwriters' discount, and other miscellaneous expenses will be paid from proceeds of the Local Obligations.

***Series 2017B
Bonds***

Sources of Funds:

Principal Amount of Series 2017B Bonds
Less Original Issue Discount
Less Original Purchaser's Discount
Amounts released from prior obligations ⁽¹⁾
TOTAL SOURCES

Uses of Funds:

Deposit to Escrow Funds
Share of Costs of Issuance ⁽²⁾
TOTAL USES

⁽¹⁾ Includes amounts released from the indentures securing the Series B Refunded Bonds including existing balances in the debt service funds in excess of required reserves.

⁽²⁾ Includes share of debt service reserve fund policy, trustee and prior trustee fees, rating agency fees, bond counsel fees, financial advisor fees, printing costs and other miscellaneous expenses.

DEBT SERVICE SCHEDULES

The following table sets forth the debt service schedules and aggregate debt service for the Series 2017A Bonds and the Series 2017B Bonds, assuming no prepayments or redemptions. Each series of Local Obligations has its own payment schedule which, in the aggregate, has been sized to equal debt service on the related Series of Series 2017 Bonds.

<i>Bond Year Ending (September 1)</i>	<i>Series 2017A Bonds</i>			<i>Series 2017B Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>

Totals

Source: The Underwriters.

DEBT SERVICE COVERAGE FROM LOCAL OBLIGATIONS

The following tables set forth the debt service schedules and aggregate debt service for the Series 2017A Bonds and the Series 2017B Bonds, assuming no prepayments or redemptions other than sinking fund redemption.

Debt Service Coverage - Series 2017A Bonds

<i>Year Ending (September 1)</i>	<i>Series A Local Obligations Debt Service</i>	<i>Total Series 2017A Bonds Debt Service</i>	<i>Debt Service Coverage</i>
	\$	\$	%

Source: The Underwriters.

Debt Service Coverage - Series 2017B Bonds

<i>Year Ending (September 1)</i>	<i>Series B Local Obligations Debt Service</i>	<i>Total Series 2017B Bonds Debt Service</i>	<i>Debt Service Coverage</i>
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Source: The Underwriters.

As can be seen in the tables above, each series of Local Obligations has its own payment schedule which, in the aggregate, equals debt service on the related Series of Series 2017 Bonds. HdL Coren Cone, Los Angeles, California (the “Fiscal Consultant”) has been retained to estimate the incremental taxable value for the Project Areas as set forth in the Fiscal Consultant’s Report appearing in Appendix B. See Appendix A under the caption “THE PROJECT AREAS – Estimated Debt Service Coverage” for projections of tax increment revenues and debt service coverage on the Local Obligations.

To estimate the revenues available to pay debt service on the Local Obligations, the Fiscal Consultant has made certain assumptions with regard to the assessed valuations in the Project Areas, future tax rates and percentage of taxes collected. The Agency Participant believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than such assumptions, the Tax Revenues available to pay debt service on its Local Obligations will likely be less than those projected. No assurance can be given that the aggregate coverage projections with respect to such Local Obligations as shown in Appendix A will be met.

THE SERIES 2017 BONDS

The following is a summary of certain provisions of the Series 2017 Bonds. Reference is made to the Series 2017 Bonds for the complete text thereof and to the Trust Agreement for a more detailed description of such provisions. The discussion herein is qualified by such reference. See APPENDIX D – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto.

Authority for Issuance

Each Series of the Series 2017 Bonds will be special, limited obligations of the Authority payable from and secured by Revenues which will consist primarily of payments made on the Local Obligations to be purchased by the Authority under the Trust Agreement. The Local Obligations will be purchased by the Authority pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended from time to time (the “Marks-Roos Law”). The Series 2017 Bonds are being issued pursuant to the provisions of the Marks-Roos Law, a Resolution adopted by the Authority and the Trust

Agreement. The Local Obligations will be registered in the name of the Trustee and will be pledged under the Trust Agreement to secure payment of the Series 2017 Bonds.

General

The Series 2017 Bonds will be issued in Authorized Denominations of \$5,000 and any integral multiple thereof. The Series 2017 Bonds will be dated the date of original delivery thereof and will bear interest payable semiannually on March 1 and September 1, commencing on _____ 1, [2017]. Principal on the Series 2017 Bonds will be due on September 1, as shown on the inside cover.

The Series 2017 Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2017 Bonds. Ownership interests in the Series 2017 Bonds may be purchased in book-entry form only. Principal of and interest and premium (if any) on the Series 2017 Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Direct Participants (defined herein) for subsequent disbursement to the Owners of the Series 2017 Bonds. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM” attached hereto.

The principal of, premium (if any) and interest on the Series 2017 Bonds will be payable by check in lawful money of the United States of America. The Series 2017 Bonds will be issued as fully registered bonds in Authorized Denominations and will be numbered as the Authority will determine. The Series 2017 Bonds will bear interest from their date of initial delivery. Payment of the interest on any Series 2017 Bond will be made to the Person whose name appears on the Bond Register as the Owner thereof as of the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date for that purpose; except that in the case of an Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Bonds, upon written request of such Owner to the Trustee under the Trust Agreement, in form satisfactory to the Trustee, received not later than the Record Date, such interest will be paid on the Interest Payment Date in immediately available funds by wire transfer. The principal and redemption premium (if any) on the Series 2017 Bonds will be payable at the Principal Corporate Trust Office of the Trustee upon presentation and surrender of such Series 2017 Bonds. Notwithstanding the foregoing, so long as DTC or its nominee is the registered owner of the Series 2017 Bonds, interest payments will be made as described in APPENDIX G – “BOOK-ENTRY ONLY SYSTEM” attached hereto.

Redemption

Mandatory Redemption from Optional Local Obligation Prepayments for Series 2017A Bonds.
The Series 2017A Bonds will be subject to mandatory redemption on or after _____, in whole or in part on any date, from and to the extent of any Prepayments with respect to the Series A Local Obligations, at a redemption price equal to the principal amount of the Series 2017A Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption. For a summary of terms of redemption of the Local Obligations, see Appendix A under “THE REFUNDING BONDS – Redemption of the Refunding Bonds.”

Mandatory Redemption from Optional Local Obligation Prepayments for Series 2017B Bonds.
The Series 2017B Bonds will be subject to mandatory redemption on or after _____, in whole or in part on any date, from and to the extent of any Prepayments with respect to the Series B Local Obligations, at a redemption price equal to the principal amount of the Series 2017B Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption. For a summary of

terms of redemption of the Local Obligations, see Appendix A under “THE REFUNDING BONDS – Redemption of the Refunding Bonds.”

Mandatory Redemption of Series 2017A Bonds from Sinking Fund Installments. The Series 2017A Bonds maturing on September 1, ____ are subject to mandatory redemption in part by lot on September 1 in each year commencing September 1, ____, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Series 2017A Term Bonds Maturing on September 1, ____

<i>Redemption Date</i>	<i>Principal Amount</i>
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*

* Stated Maturity

Mandatory Redemption of Series 2017B Bonds from Sinking Fund Installments. The Series 2017B Bonds maturing on September 1, ____ are subject to mandatory redemption in part by lot on September 1 in each year commencing September 1, ____, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Series 2017B Term Bonds Maturing on September 1, ____

<i>Redemption Date</i>	<i>Principal Amount</i>
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*

* Stated Maturity

In the event that Series 2017 Bonds subject to mandatory redemption are redeemed in part prior to their stated maturity date from any moneys other than Principal Installments, the remaining Principal Installments for such Series 2017 Bonds will be reduced as directed by the Authority.

[Make-Whole Optional Redemption of the Series 2017B Bonds. The Series 2017B Bonds are further subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date before September 1, 20__, by such maturity or maturities as shall be directed by the Authority (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, together with the Make-Whole Premium (as such term is defined below).

The term “Make-Whole Premium” means, with respect to any Series 2017B Bond to be redeemed, an amount provided to the Trustee by the Authority which has been calculated by an Independent Banking Institution (as such term is defined below) to be equal to the positive difference, if any, between:

(1) The sum of the present values, calculated as of the date fixed for redemption of:

(A) Each interest payment that, but for the redemption, would have been payable on the Series 2017B Bond or portion thereof being redeemed on each regularly scheduled Interest Payment Date occurring after the date fixed for redemption through the maturity date of such Series 2017B Bond (excluding any accrued interest for the period prior to the date fixed for redemption); provided, that if the date fixed for redemption is not a regularly scheduled Interest Payment Date with respect to such Series 2017B Bond, the amount of the next regularly scheduled interest payment will be reduced by the amount of interest accrued on such Series 2017B Bond to the date fixed for redemption; plus

(B) The principal amount that, but for such redemption, would have been payable on the maturity date of the Series 2017B Bond or portion thereof being redeemed; minus

(2) The principal amount of the Series 2017B Bond or portion thereof being redeemed.

The present values of the interest and principal payments referred to in clause (1) above will be determined by discounting the amount of each such interest and principal payment from the date that each such payment would have been payable but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve (12) 30-day months) at a discount rate equal to the Comparable Treasury Yield (as defined below), plus 25 basis points.

The term “Comparable Treasury Yield” means the yield which represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Independent Banking Institution that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the Series 2017B Bond being redeemed. The Comparable Treasury Yield will be determined as of the third Business Day immediately preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the Series 2017B Bond being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the Series 2017B Bond being redeemed; and (ii) closest to and less than the remaining term to maturity of the Series 2017B Bond being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Comparable Treasury Issue” means the United States Treasury security selected by the Independent Banking Institution as having a maturity comparable to the remaining term to maturity of the Series 2017B Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Series 2017B Bond being redeemed.

“Independent Banking Institution” means an investment banking institution of national standing which is a primary United States government securities dealer in the City of New York designated by the Authority (which may be one of the underwriters of the Series 2017 Bonds). If the Authority fails to appoint an Independent Banking Institution at least 45 days prior to the date fixed for redemption, or if the Independent Banking Institution appointed by the Authority is unwilling or unable to determine the Comparable Treasury Yield, the Comparable Treasury Yield will be determined by an Independent Banking Institution designated by the Authority.

“Comparable Treasury Price” means, with respect to any date on which a Series 2017B Bond or portion thereof is being redeemed, either: (I) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations; and (II) if the Independent Banking Institution is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Independent Banking Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Independent Banking Institution, at 5:00 p.m. New York City time on the third Business Day preceding the date fixed for redemption.

“Reference Treasury Dealer” means a primary United States Government securities dealer in the United States appointed by the Authority and reasonably acceptable to the Independent Banking Institution (which may be one of the underwriters of the Series 2017 Bonds). If the Authority fails to select the Reference Treasury Dealers within a reasonable period of time, the Authority will select the Reference Treasury Dealers.]

General Terms for Mandatory Redemption from Optional Local Obligation Prepayments. The Agency Indenture provides, in order to effect such optional redemption of the respective Series of Series 2017 Bonds, that the Agency Participant, or Designee, will deliver to the Agency Trustee (i) a Written Request of the Agency Participant specifying (A) the maturity or maturities, and the principal amount or amounts (or portion thereof), of the Series 2017 Bonds to be mandatorily redeemed from such Prepayment (the “Callable Authority Bonds”), (B) the date on which such Callable Authority Bonds are to be mandatorily redeemed from such Prepayment (which redemption date will be a date on which such Callable Authority Bonds are subject to mandatory redemption from optional Local Obligation prepayments (the “Prepayments”)) pursuant to the Trust Agreement, (C) the amount of each mandatory sinking fund installment for the Series 2017 Bonds to be Outstanding after the date of such mandatory redemption from such Prepayments, and (D) the amount of the Prepayment (or redemption price) necessary to cause such mandatory redemption of such Callable Authority Bonds, and (ii) a Cash Flow Certificate of an Independent Financial Consultant (A) demonstrating that, if such Prepayment is allocated and applied to the redemption of the respective Local Obligations as provided in the paragraph immediately below, the debt service on the respective Local Obligations, together with the debt service payable on all other Local Obligations (as defined in the Trust Agreement), payable on each Interest Payment Date after such redemption date will be sufficient, but not materially more than sufficient, to pay debt service on the Series 2017 Bonds to be Outstanding on such Interest Payment Date, (B) specifying the principal amount, as of such redemption date, of the respective Local Obligations, or portion thereof, to the optional redemption of which such Prepayment is to be allocated and applied as provided in the paragraph immediately below, (C) specifying the amount of the redemption premium, if any, to be paid in connection with such optional redemption of the respective Local Obligations, or portion thereof, to which such Prepayment is to be allocated and applied as provided in the paragraph immediately below, and (D) specifying the principal amount, and the amount of each mandatory sinking fund installment, as of such redemption date, of each respective Local Obligations that will remain Outstanding if such Prepayment is allocated and applied to the redemption of the respective Local Obligations on such redemption date as provided in the paragraph immediately below, which Written Request of the Agency

Participant and Cash Flow Certificate of such Independent Financial Consultant will be delivered to the Agency Trustee no later than the Business Day prior to the redemption date.

No later than the date specified in a Written Request of the Agency Participant delivered pursuant to the paragraph immediately above as the date on which Callable Authority Bonds are to be mandatorily redeemed from optional Local Agency Prepayments pursuant to the Trust Agreement, the Agency Participant will deliver to the Agency Trustee an amount equal to the amount of the Prepayment specified in such Written Request of the Agency Participant and, on such redemption date, the Agency Trustee will pay such amount to the Trustee under the Trust Agreement, on behalf of the owners of such Callable Authority Bonds. Upon the payment by the Agency Trustee to the Trustee under the Trust Agreement of such amount representing such Prepayment (i) the Local Obligations, or portion thereof, debt service on which would have, after such redemption date, been applied to the payment of debt service on such Callable Authority Bonds will, as of such redemption date, be deemed to have been optionally redeemed pursuant to the Agency Indenture, and will be considered to have been optionally redeemed pursuant to the Agency Indenture, in an amount equal to the principal amount of the Local Obligations, or portion thereof, as of such redemption date, and (ii) the remainder of (A) such Prepayment, less (B) accrued interest, if any, thereon and such principal amount of such respective Local Obligations, or portion thereof, as of such redemption date, will be deemed to be, and will be considered to be, the redemption premium paid in connection with such optional redemption of such respective Local Obligations, or portion thereof.

The Authority will give the Trustee written notice of the redemption of Series 2017 Bonds from optional Local Agency Prepayments not less than 35 days prior to the applicable redemption date, unless a later date is agreed to by the Trustee. Such written notice will be accompanied by the Written Request of the Agency Participant (as defined in the Agency Indenture) required to be delivered pursuant to, and the Cash Flow Certificate of an Independent Financial Consultant required to be filed pursuant to, the Agency Indenture, and no such redemption of Series 2017 Bonds will occur unless such written notice is so accompanied by such Written Request of the Agency Participant and such Cash Flow Certificate of an Independent Financial Consultant. In the event that the Agency Trustee will mail notice of the redemption of any Local Obligations that will produce Prepayments with respect to Series 2017 Bonds, the Trustee will concurrently mail notice of the redemption of Series 2017 Bonds from optional Local Agency Prepayments, such redemption to occur on the date fixed for such redemption of such Local Obligations. On the date of such redemption of the Local Obligations, the proceeds of such redemption will be applied by the Trustee to pay the redemption price of Series 2017 Bonds from optional Local Agency Prepayments.

Mandatory Redemption as a Result of Acceleration. The Series 2017 Bonds may be subject to mandatory redemption, in whole or in part on any date, from and to the extent of any amounts received with respect to any Local Obligations as a result of the acceleration of amounts due on such Local Obligations upon an event of default under the Agency Indenture, at a redemption price equal to the principal amount of the Series 2017 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption. Whenever less than all of the Series 2017 Bonds of a Series are to be redeemed as a result of acceleration, the Trustee will, on or prior to the redemption date, receive a Cash Flow Certificate specifying the maturity or maturities of such Series 2017 Bonds to be redeemed and showing that the remaining payments of principal of and interest on the Local Obligations, together with other Revenues available under the Trust Agreement, will be sufficient to pay on a timely basis the principal of and the interest on the Series 2017 Bonds not so redeemed when due.

Notice of Redemption. In the case of any redemption of Series 2017 Bonds, the Trustee will give notice under the Trust Agreement that the Series 2017 Bonds, identified by CUSIP numbers, serial numbers and maturity date, have been called for redemption and, in the case of Series 2017 Bonds to be

redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Series 2017 Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Principal Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on such Series of Series 2017 Bonds, or portions thereof, so to be redeemed will cease to accrue on and after such date and that from and after such date such Series 2017 Bond or such portion will no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof will have no rights in respect of such redeemed Series 2017 Bond or such portion except to receive payment from such moneys of such redemption price plus accrued interest to the date fixed for redemption.

Such notice will be mailed by first class mail, postage prepaid, at least twenty (20) but not more than sixty (60) days before the date fixed for redemption, to the Security Depository, the MSRB and the Owners of such Series 2017 Bonds, or portions thereof, so called for redemption, at their respective addresses as the same will last appear on the Bond Register. No notice of redemption need be given to the Owner of a Series 2017 Bond to be called for redemption if such Owner waives notice thereof in writing, and such waiver is filed with the Trustee prior to the redemption date. Neither the failure of an Owner to receive notice of redemption of Series 2017 Bonds under the Trust Agreement nor any error in such notice will affect the validity of the proceedings for the redemption of Series 2017 Bonds.

Any notice of redemption may be expressly conditional and may be rescinded by Written Order given to the Trustee under the Trust Agreement not later than the date fixed for redemption. Upon receipt of such Written Order, the Trustee will promptly mail notice of such rescission to the same parties that were mailed the original notice of redemption.

Selection of Series 2017 Bonds for Redemption. Whenever less than all the Outstanding Series 2017 Bonds of any one maturity are to be redeemed on any one date, the Trustee will select the particular Series 2017 Bonds to be redeemed by lot and in selecting the Series 2017 Bonds for redemption the Trustee will treat each Series 2017 Bond of a denomination of more than five thousand dollars (\$5,000) as representing that number of Series 2017 Bonds of five thousand dollars (\$5,000) denomination which is obtained by dividing the principal amount of such Series 2017 Bond by five thousand dollars (\$5,000), and the portion of any Series 2017 Bond of a denomination of more than five thousand dollars (\$5,000) to be redeemed will be redeemed in an Authorized Denomination. The Trustee will promptly notify the Authority in writing of the numbers of the Series 2017 Bonds so selected for redemption in whole or in part on such date.

Payment of Redeemed Series 2017 Bonds. If notice of redemption has been given as summarized above, or waived, each as provided in the Trust Agreement, the Series 2017 Bonds or portions thereof called for redemption will be due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Series 2017 Bonds to be redeemed at the office specified in the notice of redemption. If there will be less than the full principal amount of a Series 2017 Bond called for redemption, the Authority will execute and deliver and the Trustee will authenticate, upon surrender of such Series 2017 Bond, and without charge to the Owner thereof, Series 2017 Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Series 2017 Bonds so surrendered in such Authorized Denominations as will be specified by the Owner.

If any Series 2017 Bond or any portion thereof will have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, will have been made or provided for by the Authority, then interest on such Series 2017 Bond or such

portion will cease to accrue from such date, and from and after such date such Series 2017 Bond or such portion will no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof will have no rights in respect of such Series 2017 Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

Purchase in Lieu of Redemption. In lieu of redemption of any Series 2017 Bond, amounts on deposit in the Principal Fund or in the Redemption Fund may also be used and withdrawn by the Trustee at any time prior to selection of Series 2017 Bonds for redemption having taken place with respect to such amounts, upon a Written Order of the Authority for the purchase of such Series 2017 Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may in its discretion determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date. All Series 2017 Bonds so purchased will be delivered to the Trustee under the Trust Agreement for cancellation.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS

Special Obligations

The Series 2017 Bonds will be special limited obligations of the Authority, payable from and secured as to the payment of the principal, redemption premium (if any) and interest thereon in accordance with their terms and the terms of the Trust Agreement, solely from the Trust Estate, which will consist primarily of principal and interest payments on the Local Obligations to be purchased by the Authority under the Trust Agreement and to be owned by the Authority as set forth in the Agency Indenture. The Series 2017 Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of, premium (if any) and interest on any Series of Series 2017 Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of, premium (if any) and interest on the Series 2017 Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of, premium (if any) and interest on the Series 2017 Bonds. The payment of the principal of, premium (if any) and interest on the Series 2017 Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

Each series of Local Obligations will be special limited obligations of the Agency Participant and are payable, as to principal, redemption premium (if any) and interest thereon, exclusively from the Tax Revenues, and funds on deposit in certain funds and accounts established under and as specified in the Agency Indenture, and the Agency Participant is not obligated to pay such principal of and interest on the Local Obligations except from such Tax Revenues. Each Series of Local Obligations is payable from Tax Revenues on a parity with each other. Each series of Local Obligations will be payable as set forth in the Agency Indenture, is not a debt of the City of West Covina, the County, the State or any other political subdivision of the State, and neither said city, the State, the County nor any of the State's other political subdivisions is liable therefor, nor in any event shall a series of Local Obligations be payable out of any funds or properties other than those of the Agency Participant pledged therefor as provided in the Agency Indenture.

Each Local Obligation has its own payment schedule which, in the aggregate, has been sized to pay debt service on the Series 2017 Bonds. The Series 2017A Bonds will be secured solely by the payments made on the Series A Local Obligations and the Series 2017B Bonds will be secured solely by the payments made on the Series B Local Obligations. All of the obligations of the Agency Participant with respect to the Local Obligations are not general obligations of the Agency Participant or Former

RDA, but are limited obligations of the Agency Participant and the Project Areas, payable solely from the Tax Revenues under, and to the extent described in, the Agency Indenture and the funds pledged therefor under the Agency Indenture.

In order to assist the Agency Participant, the County has accepted the irrevocable direction of the Agency Participant to transfer on or about each January 2 and June 1, commencing [June 1, 2017], to an account of the Agency Participant, held by the Agency Trustee under the Agency Indenture, all amounts set forth in any duly approved ROPS with respect to principal and interest payments due on the Local Obligations and any senior obligations, and any deficiency in the reserve account for the Local Obligations. Such transfers to the Agency Trustee shall be made after the payment of unsubordinated pass-through obligations to local taxing entities, if any, as provided in Section 34183(a) of the California Health and Safety Code. The Authority has covenanted to take such actions as may be reasonable and necessary to compel the County to comply with the irrevocable direction of the Agency Participant to make such transfers. However, no assurance can be given that a court would order the County to continue to make such transfers if the County refused to do so. The Agency Participant remains obligated under the Agency Indenture to take all actions required under the Dissolution Act to include on its ROPS for both six-month periods covered thereby all payments expected to be made to each Agency Trustee in order to satisfy the requirements of the Agency Indenture, including any amounts required to pay principal and interest payments due on the Local Obligations, deficiency in the reserve account for the Local Obligations to the debt service reserve requirement, and any Compliance Costs. See Appendix A under the caption “SECURITY FOR THE REFUNDING BONDS” for a discussion of the specific claim and lien on Tax Revenues for the Agency Participant and the Project Areas.

Upon the issuance of each series of Local Obligations, the amount on deposit in the reserve account established under the Agency Indenture will be equal to the debt service reserve requirement for such series of Local Obligations. No deposit need be made in any such reserve account so long as there will be on deposit therein a sum equal to the debt service reserve requirement. For information regarding the Agency Participant’s reserve account, which may be cash funded or secured by a debt service reserve surety and secured on a stand-alone basis or in common with other parity bonds issued by the Agency Participant, see Appendix A under the heading “Reserve Account” under the caption “SECURITY FOR THE REFUNDING BONDS.”

Tax Revenues

Under California law, the rate of *ad valorem* property taxes which may be levied with respect to property within a project area is generally limited to 1% of the “full cash” assessed value. In this Official Statement and in Appendix A such taxes are referred to as the “general levy” and are allocated to the State, the County, the City of West Covina, and all other taxing entities having jurisdiction over all or a portion of the Project Areas. The assessed values of property within such project area, as last equalized prior to adoption of the redevelopment plan, is the “base year” assessed values (the “Base Year”).

Pursuant to subdivision (b) of Section 33670 of the Law and Section 16 of Article XVI of the Constitution of the State and as provided in the related redevelopment plan, taxes levied upon taxable property in the respective redevelopment project area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called “taxing agencies”) after the effective date of the ordinance approving such related redevelopment plan, or the respective effective dates of ordinances approving amendments to such related redevelopment plan that added territory to the respective redevelopment project area, as applicable, are to be divided as follows:

(a) *To Taxing Agencies:* That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed

value of the taxable property in the respective redevelopment project area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the related redevelopment plan, or the respective effective dates of ordinances approving amendments to the related redevelopment plan that added territory to the respective redevelopment project area, as applicable (each, a “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) *To the Respective Former RDA:* Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion will be allocated to, and when collected will be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount when collected will be paid into a special fund of the Former RDA. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the RPTTF attributable to the Agency Participant and the Project Areas will be deemed to be a special fund of the Agency Participant to pay the debt service and payments on indebtedness and other enforceable obligations incurred by the Former RDA.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the RPTTF. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

Taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent after December 10 and April 10. Taxes on unsecured property are due July 1 and become delinquent August 31. As of February 1, 2012, the allocation of tax increment revenue was dictated by the legislation adopted as AB 26. Revenue to Successor Agencies is now made on January 2 and June 1 of each fiscal year. All tax increment revenue is accumulated by the County Auditor-Controller in the RPTTF for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 2 to June 1 of the current fiscal year.

From the amounts accumulated in the RPTTF for each allocation date, the County Auditor-Controller is to deduct its own administrative charges and is to calculate and deduct amounts (if not subordinated) owed to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law that have not been subordinated to debt obligations, including debt service. The amount remaining after these reductions, if any, will be available for payment by the Agency Participant of debt obligations on a valid ROPS of the Former RDA.

Prior to receiving revenues on January 2 and June 1, the Agency Participant must adopt a ROPS that lists the debt obligations of the Former RDA that must be paid during the upcoming twelve-month period of July 1 through June 30 of the following year. The ROPS must be approved by an Oversight Board that is established in the legislation with membership consisting of representatives from various taxing entities. To be valid, the ROPS must also receive approval from the State Department of Finance (the “DOF”).

The Agency Participant is entitled to receive tax revenues to cover the administrative costs of winding down the business of the Former RDA. This amount is set by the legislation at a minimum \$250,000 per year and a maximum that is 3% of the RPTTF allocated to the Agency Participant for each fiscal year. To the extent that revenues are insufficient to pay all of the approved ROPS obligations, the Agency Participant's administrative cost allowance will be reduced or eliminated.

If there are RPTTF amounts remaining after reductions for county administrative charges, pass-through obligations, ROPS obligations and the Agency Participant's administrative cost allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each ROPS cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund ("ERAF").

The Agency Participant has no power to levy and collect taxes, and any provision of law limiting property taxes or allocating additional sources of income to taxing agencies and having the effect of reducing the property tax rate must necessarily reduce the amount of tax increment revenues and, accordingly, Tax Revenues that would otherwise be available to pay debt service on the Local Obligations. Likewise, broadened property tax exemptions could have a similar effect (see "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" below).

Conversely, any increase in the present tax rate or assessed valuation, or any reduction or elimination of present property tax exemptions, or the satisfaction of enforceable obligations, would increase the Tax Revenues available to pay debt service on the Local Obligations (see "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" for discussion of the Constitutional constraints of increasing tax rates and assessed valuation).

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former RDA had the Former RDA not been dissolved pursuant to the enactment of AB 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the RPTTF for the Agency Participant established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act further provides that any bonds authorized under its terms to be issued by the Agency Participant will be considered indebtedness incurred by the dissolved RDA, with the same legal effect as if the bonds had been issued prior to effective date of AB 26, in full conformity with the applicable provision of the Law that existed prior to that date, and debt service will be included in the Agency Participant's ROPS. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Recognized Obligation Payment Schedule."

The Dissolution Act further provides that bonds authorized under its terms to be issued by the Agency Participant will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the RPTTF attributable to the Agency Participant and the Project Areas, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Local Obligations, are taxes allocated to the Agency Participant pursuant to the provisions of the Law and the State Constitution which provided for the allocation of tax increment revenues under the Law, as described in the foregoing paragraph.

See Appendix A under the caption "SECURITY FOR THE REFUNDING BONDS" for a discussion of the specific claim and lien on Tax Revenues for the Agency Participant and the Project Areas. The Agency Participant has no power to levy property taxes and must look specifically to the allocation of taxes as described above.

In accordance with the Dissolution Act, the Local Obligations will be payable from and secured by Tax Revenues which will generally include moneys deposited or available for deposit, from time to time, in the RPTTF attributable to the Agency Participant and the Project Areas, as provided in paragraph (2) of subdivision (a) of the California Health and Safety Code Section 34183. Each Local Obligation will be payable from and secured by Tax Revenues subject to senior obligations, and any deficiency in the reserve account for the Local Obligations, certain deductions for unsubordinated pass-through payments to taxing entities, if any, debt service on bonds issued on a basis senior to the Series 2017 Bonds, if any, County collection charges and payments pursuant to the Prior Agreement. See Appendix A for a description of the lien of Tax Revenues for the Project Areas. The Agency Participant is not obligated to pay such principal of, premium (if any) and interest on the Local Obligations except from such Tax Revenues. See Appendix A for a description of the lien of Tax Revenues for the Project Areas, including a description of any superior claims and liens on such Tax Revenues. As provided in the Agency Indenture, 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 will include all tax revenues allocated to the payment of indebtedness pursuant to the California Health and 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, which prior to the adoption of the Dissolution Act were required to be deposited into the Former RDA's low and moderate income housing fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law.

The Dissolution Act eliminates the characterization of certain tax increment revenues as Housing Set-Aside. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Housing Set-Aside." All of the Local Obligations include a pledge of, or offset for a pledge of, any Housing Set-Aside. Accordingly, the Local Obligations will be payable from, and secured by, Tax Revenues, including amounts constituting the former Housing Set-Aside.

Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Areas, to the extent they constitute Gross Tax Revenues, as further described in Appendix A, will be deposited in the RPTTF for transfer by the County Auditor-Controller to the Agency Participant's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Agency Participant's ROPS in accordance with the requirements of the Dissolution Act (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Recognized Obligation Payment Schedule"). Monies deposited by the County Auditor-Controller into the Agency Participant's Redevelopment Obligation Retirement Fund will be transferred by the County pursuant to an irrevocable direction of the Agency Participant directing the County to transfer to the Debt Service Fund or similar fund established under the Agency Indenture and administered by the Agency Trustee in accordance with the Agency Indenture.

The Agency Participant has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on indebtedness including, without limitation, the Local Obligations (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Tax Allocation Financing" and "– Recognized Obligation Payment Schedule" and "RISK FACTORS" in the forepart of this Official Statement). See also "LIMITATIONS ON TAX REVENUES" in the forepart of this Official Statement and "SPECIAL RISK FACTORS" in Appendix A.

Tax increment revenues are computed based upon the annual incremental assessed value of the Project Areas multiplied by a tax rate determined by the County Auditor-Controller. The tax rates which are applied to incremental taxable values consist of two components: the General Tax Rate of \$1.00 per

\$100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed 1% (\$1.00 of \$100 taxable value) in accordance with Article XIII A. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates, which are reflective of debt approved after December 31, 1988. Based upon the County Auditor-Controller's reliance to use the basic one percent tax rate in calculating the RPTTF allocation, a one percent levy is used in the revenue projections herein and in the Fiscal Consultant's Report. See Appendix A under the caption "THE PROJECT AREAS – Projected Tax Revenues" for a discussion of the tax rate assumptions utilized by the Fiscal Consultant in projecting Gross Tax Revenues for the Project Areas.

Section 34183(a)(1) of the Redevelopment Law requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. Under the County's interpretation of this Section, revenues derived from over-ride tax rates levied for pension related obligations have been determined to not be for "annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvements of real property." As a result, tax increment revenues derived from over-ride tax rates levied for pension related obligations within the Project Areas are included in the revenues distributed from the RPTTF.

In Los Angeles County, there are thirteen cities that levy over-ride tax rates in order to fund pension fund obligations. However, the Agency Participant is not related to any of these thirteen cities.

Tax Allocation Financing

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

The Dissolution Act authorizes refunding bonds, including the Local Obligations, to be secured by a pledge of monies deposited from time to time in a RPTTF attributable to such Successor Agency and its project areas held by a County Auditor-Controller with respect to a Successor Agency, which are equivalent to the tax increment revenues that were formerly allocated under the Law to the redevelopment agency and formerly authorized under the Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller. Under the Agency Indenture, Tax Revenues consist of the amounts deposited from time to time in the RPTTF attributable to the Agency Participant and the Project Areas established pursuant to and as provided in the Dissolution Act, subject to certain deductions for unsubordinated pass-through payments to taxing entities, unsubordinated contractual obligations to third parties and County collection charges. See Appendix A under the caption "SECURITY FOR THE REFUNDING BONDS" for a discussion of the specific claim and lien on Tax Revenues for the Agency Participant and the Project Areas for pass-through obligations and the Prior Agreement. Successor Agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" in the forepart of this Official Statement. See also "SPECIAL RISK FACTORS" in Appendix A.

The Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project as described in Appendix A under the caption “SECURITY FOR THE REFUNDING BONDS – Statutory Pass-Through Amounts.” Negotiated agreements for this purpose are generally described as pass-through or tax sharing agreements (“Pass-Through Agreements” in the forepart of this Official Statement). Prior to the enactment of AB 1290, redevelopment project areas adopted between January 1, 1985 and January 1, 1994 were subject to payments to schools and to other affected taxing agencies that elected to receive tax revenue payments set forth under Section 33676 of the Law (“33676 Amounts”). Additionally, Section 33607.5 and 33607.7 of the Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the “Statutory Pass-Through Amounts” in the forepart of this Official Statement). The Dissolution Act requires the County Auditor-Controller to distribute from the RPTTF amounts required to be distributed under the Pass-Through Agreements and for 33676 Amounts and Statutory Pass-Through Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the RPTTF to the Agency Participant’s Redevelopment Obligation Retirement Fund each January 2 and June 1, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the dissolved agency, as succeeded by the Agency Participant, (ii) the Agency Participant has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, as applicable, that the total amount available from the RPTTF allocation to the Agency Participant’s Redevelopment Obligation Retirement Fund, from other funds transferred from the dissolved agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund each of the Agency Participant’s enforceable obligations, pass-through payments, and each of the Agency Participant’s administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Agency Participant that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Agency Participant for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Agency Participant’s enforceable obligations, pass-through payments, and the Agency Participant’s administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Agency Participant for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts remaining to be distributed to taxing entities under Pass-Through Agreements and for 33676 Amounts and Statutory Tax Sharing Amounts, if such amounts have been subordinated to the payment of debt service on such bonded indebtedness, and if that amount is exhausted, from amounts available for distribution for administrative, but only after the amounts described in the previous two sentences and the amounts available for distribution for administrative costs have been exhausted.

The Dissolution Act provides for a procedure by which the Agency Participant may make Statutory Tax Sharing Amounts subordinate to the Local Obligations. The Agency Participant has not undertaken the procedure required to subordinate its Statutory Tax Sharing Amounts to the payment of debt service on the Local Obligations. See Appendix A under the captions describing Pass-Through Agreements, 33676 Amounts and Statutory Pass-Through Amounts under the caption “SECURITY FOR THE REFUNDING BONDS.”

The Agency Participant cannot guarantee that this process prescribed by the Dissolution Act of administering the tax increment revenues and the subordinations provided in the Law and the Pass-Through Agreements, if any, will effectively result in adequate tax increment revenues for the payment of principal of and redemption premium (if any) and interest on the Local Obligations when due. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Recognized Obligation Payment Schedule.” See also Appendix A under the captions describing Pass-Through Agreements, 33676 Amounts and Statutory Pass-Through Amounts under the caption “SECURITY FOR THE REFUNDING BONDS” for additional information regarding the Pass-Through Agreements, the 33676 Amounts and the Statutory Tax Sharing Amounts applicable to the Agency Participant and the revenues derived from the Project Areas.

Successor Agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See “LIMITATIONS ON TAX REVENUES” and “RISK FACTORS” in the forepart of this Official Statement.

Housing Set-Aside

Pre-Dissolution Housing Set-Aside Requirement. Before it was amended by the Dissolution Act, the Redevelopment Law generally required each redevelopment agency to set aside not less than 20% of all tax increment generated in each project area into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as “Housing Set-Aside.”

Impact of Dissolution Act. The Dissolution Act eliminates the characterization of certain tax increment revenues as Housing Set-Aside. Accordingly, the Local Obligations will be payable from, and secured by, Tax Revenues, including amounts constituting the former Housing Set-Aside. See also, “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Housing Set-Aside.”

Recognized Obligation Payment Schedule

Before each twelve-month period, the Dissolution Act requires Successor Agencies to prepare and approve, and submit to the Successor Agency’s Oversight Board and the DOF for approval, a ROPS pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation, for the two six-month periods covered thereby (January 2 through June 30 and July 1 through January 1, respectively). As defined in the Dissolution Act, “enforceable obligation” includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the Former RDA, as well as other obligations such as loans, judgments or settlements against the Former RDA, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund, if any. A reserve may be included on the ROPS and held by the Successor Agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due in the following six-month period.

The Dissolution Act provides that, commencing on the date the first ROPS is valid, only those payments listed in the ROPS may be made by the successor agency from the funds specified in the ROPS.

The ROPS must be submitted by the Agency Participant, after approval by the Oversight Board, to the County Executive Officer, the County Auditor-Controller, the DOF, and the State Controller no later than February 1 of each year. If the Successor Agency does not submit an Oversight Board-

approved ROPS by such deadline, the Successor Agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. Additionally, the Agency Participant's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved ROPS within 10 days after the February 1 deadline.

The Dissolution Act requires the DOF to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations for each ROPS submitted no later than April 15. Within 5 business days of the determination by the DOF, Successor Agencies may request additional review by the department and an opportunity to meet and confer on disputed items, if any. The DOF will notify Successor Agencies and the County Auditor-Controller as to the outcome of its review at least 15 days before the June 1 date of property tax distribution. Additionally, the County Auditor-Controller may review a submitted ROPS and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to Successor Agencies, the Oversight Board, and the DOF at least 60 days prior to the June 1 date of property tax distribution.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the RPTTF, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the DOF no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Agency Participant determines and reports, no later than December 1 or May 1, as applicable (*e.g.*, by May 1, 2017 with respect to the property tax distribution for June 1, 2017 through December 31, 2017), that the total amount available from the RPTTF allocation to the Agency Participant's Redevelopment Obligation Retirement Fund, from other funds transferred from a dissolved agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, for the Agency Participant's enforceable obligations listed on the ROPS, and for the Agency Participant's administrative cost allowance, the County Auditor-Controller must notify the State Controller and the DOF no later than 10 days from the date of the Agency Participant's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described under "—Tax Allocation Financing" above.

The Dissolution Act provides that any bonds authorized under its terms to be issued by a Successor Agency will be considered indebtedness incurred by the related dissolved Former RDA, with the same legal effect as if the bonds had been issued prior to effective date of AB 26, in full conformity with the applicable provision of the Law that existed prior to that date, and debt service will be included in the Agency Participant's ROPS. Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a Successor Agency may petition the DOF to provide written confirmation that its determination of such enforceable obligation as approved in a ROPS is final and conclusive, and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the DOF, then the DOF's review of such payments in each future ROPS will be limited to confirming that they are required by the prior enforceable obligation.

The Agency Participant has covenanted under the Agency Indenture to take all actions required under the Dissolution Act to include on the ROPS for both six-month periods covered thereby all payments to the Agency Trustee to satisfy the requirements of the Agency Indenture and the Local Obligations, any deficiency in the reserve account established pursuant to the Local Obligations, any

amounts required under an indenture or fiscal agent agreement securing parity indebtedness to replenish the reserve account established thereunder, if any, to its required level and any Compliance Costs related thereto.

The Agency Participant has further covenanted under the Agency Indenture to comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Agency Participant covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Agency Participant with its covenants under the Agency Indenture. [Further, the Agency Participant will take all actions required under the Dissolution Act to include scheduled debt service on the Local Obligations, as well as any amounts required under the Agency Indenture including to replenish the reserve account in ROPS for both periods covered thereby so as to enable the County Auditor-Controller to distribute from the RPTTF to the Agency Participant's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Agency Participant to pay the principal of, premium (if any) and interest on, the Local Obligations coming due in the respective six-month period. These actions will include, without limitation, placing on the annual ROPS for approval by the Oversight Board and the DOF, to the extent necessary, the amounts to be held by the Agency Participant or its agent 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 the principal of, premium (if any), and interest under the Agency Indenture, when the next property tax allocation is projected to be insufficient to pay all obligations due under the Agency Indenture for the next payment due in the following six-month period.]

Optional Last and Final ROPS

At the option of a Successor Agency, the Dissolution Act allows a Successor Agency to submit a "Last and Final ROPS" for approval by the Oversight Board. The following conditions must be met: (i) 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, (ii) all remaining obligations have been previously listed on a ROPS and approved by the DOF, and (iii) the Successor Agency is not a party to outstanding or unresolved litigation. The DOF will have 100 days to review a Last and Final ROPS submitted for approval. The DOF may make changes to the Last and Final ROPS with the Successor Agency's agreement or issue a letter denying the Last and Final ROPS. If the DOF approves the Last and Final ROPS, it will establish the maximum amount of moneys within the RPTTF to be distributed to the successor agency for each remaining fiscal year until the obligations have been fully paid. The Successor Agency can submit no more than two requests to amend an approved Last and Final ROPS. The Oversight Board must first approve each amendment request, and the DOF will then have 100 days to approve or deny the request. After the DOF approves the Last and Final ROPS, the Successor Agency will no longer prepare or submit ROPS, and the County Auditor-Controller will make distributions from the RPTTF to the Successor Agency pursuant to the Last and Final ROPS in a prescribed order of priority until the aggregate amount of property tax allocated to the Successor Agency equals the total outstanding obligation approved in the Last and Final ROPS. See "RISK FACTORS – Last and Final Recognized Obligation Payment Schedule."

Local Obligations and the Agency Indenture

Subject only to the provisions of the Agency Indenture (including any obligations of the Agency Participant payable on a basis senior to or on a parity with the lien of its Local Obligations under the Agency Indenture) permitting the application thereof for the purposes and on the terms and conditions set forth in the Agency Indenture, all of the Tax Revenues and all amounts on deposit from time to time in the funds and accounts established under the Agency Indenture (other than the Rebate Fund and Expense Account) will be pledged to the payment of the principal of and interest on the Outstanding Series 2017

Bonds as provided in the Agency Indenture. The Agency Participant will irrevocably grant to the Agency Trustee for the benefit of the Owners of the Outstanding Series 2017 Bonds (subject to any obligations of the Agency Participant payable on a basis senior to or on a parity with the lien of its Local Obligations under the Agency Indenture) a first charge and lien on, and a security interest in, and will pledge and assign, the Tax Revenues, whether held by the Agency Participant, the County Auditor-Controller, the County Treasurer and Tax Collector or the Agency Trustee, and all amounts in the funds and accounts established under the Agency Indenture (other than the Rebate Fund and Expense Account) with respect to the Local Obligations.

Pursuant to the laws of the State, including California Health and Safety Code Sections 34183 and 34170.5(b), the County Auditor-Controller is obligated to deposit the Tax Revenues into the RPTTF attributable to the Agency Participant and the Project Areas. The Agency Participant shall take all steps to ensure that the County Auditor-Controller (1) deposits the Tax Revenues into the RPTTF, (2) allocates funds for the principal and interest payments due on the Outstanding Series 2017 Bonds, any deficiency in the related reserve account pursuant to each valid ROPS in accordance with the Dissolution Act and as provided in the Agency Indenture and any deficiency in the related reserve account pursuant to each valid ROPS in accordance with the Dissolution Act and as provided in the Agency Indenture, and any Compliance Costs, and (3) make the transfers to the Agency Trustee required thereunder.

In order to assist the Agency Participant, the County has accepted the irrevocable direction of the Agency Participant to transfer on or about each January 2 and June 1 to an account of the Agency Participant, held by the Agency Trustee under the Agency Indenture, all amounts set forth in any duly approved ROPS with respect to principal and interest payments due on the Local Obligations and any senior and parity obligations, and any deficiency in the reserve account for the Local Obligations and parity obligations related thereto. The Authority has covenanted to take such actions as may be reasonable and necessary to compel the County to comply with the irrevocable direction of the Agency Participant to make such transfers. However, no assurance can be given that a court would order the County to continue to make such transfers if the County refused to do so. The Agency Participant remains obligated under the Agency Indenture to take all actions required under the Dissolution Act to include on its ROPS for both six-month periods covered thereby all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the Agency Indenture, including any amounts required to pay principal and interest payments due on the Local Obligations, parity obligations, any deficiency in the reserve account for the Local Obligations and parity obligations to the debt service reserve requirement, and any Compliance Costs (as defined in this Official Statement).

As to each of the Local Obligations, in accordance with the Dissolution Act, the Agency Participant may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of such refunding bonds or other indebtedness, shall have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in accordance with its terms. The Agency Participant has repeated such prior pledges in connection with the issuance of the Local Obligations.

As provided in the Agency Indenture, the Agency Participant will take all actions required under the Dissolution Act to include on its ROPS all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the Agency Indenture, including any amounts required to pay principal and interest payments due on the Local Obligations, parity obligations, any deficiency in the reserve account for the Local Obligations and parity obligations to the debt service reserve requirement, and any Compliance Costs (as defined in this Official Statement). The Agency Participant shall include in its ROPS the amounts described below to be transmitted to the Agency Trustee for the applicable six month period. See Appendix A under the caption "SECURITY FOR THE REFUNDING BONDS." The

Agency Participant shall submit an Oversight Board-approved ROPS to the County Auditor-Controller and the DOF (with a copy to the Authority) by at least February 1 of each year.

Further, in accordance with California Health and Safety Code Section 34183(b) on or before each May 1 and December 1, the Agency Participant shall determine and report to the County Auditor-Controller and the Authority any insufficiencies in the RPTTF to fund payments in accordance with the Agency Indenture, and cooperate with the County Auditor-Controller for its distribution of funds in accordance with California Health and Safety Code Section 34183. See “—Tax Allocation Financing” above.

Tax Revenues received by the Agency Participant during the period commencing on January 3 of each calendar year and ending January 1 of the following calendar year that are in excess of the amount required to be deposited in the Tax Increment Fund on January 2 of the then-current calendar year shall, immediately following the deposit with the Trustee of the amounts required to be so deposited as provided in this section on each such January 2, be released from the pledge, security interest and lien hereunder for the security of the Outstanding Bonds, and may be applied by the Agency Participant for any lawful purpose of the Agency Participant, including but not limited to the payment of subordinate debt, or the payment of any amounts due and owing to the United States of America pursuant to the Agency Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures, the Agency Participant shall not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Agency Indenture and in any Supplemental Indenture

Reserve Account

Upon the issuance of the Local Obligations, the Reserve Policy will be deposited into the reserve account established under the Agency Indenture in an amount equal to the debt service reserve requirement for the Local Obligations. For information regarding the reserve account relating to the Agency Indenture and the Project Areas, see Appendix A under the heading “Reserve Account” under the caption “SECURITY FOR THE REFUNDING BONDS.”

Defaults and Remedies

In addition to the terms specifying the pledge and security for payment of the Local Obligations, the Agency Indenture specifies events of default which generally include payment defaults and certain covenant defaults with respect to the related bonds and the commencement by the Agency Participant of bankruptcy proceedings. Upon such event, and in general terms, the Agency Trustee may, or at the Written Request of the Authority, as owner of the Local Obligations, shall, subject to terms for indemnification of the Agency Trustee, take legal action to protect and enforce any of the rights vested in the Agency Trustee or the Authority, as owner of the Local Obligations, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in the Agency Indenture.

In some instances, the provider of a policy of municipal bond insurance, or reserve fund surety policy, for the Local Obligations shall be deemed to be the sole bondowner for purposes of direction of remedies and consent rights.

No delay or omission of the Agency Trustee or of any Owner to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein; and every power and

remedy given by the provisions of the Agency Indenture to the Agency Trustee and to the Authority, as owner of the Local Obligations, may be exercised from time to time and as often as may be deemed expedient.

Any moneys received by the Agency Trustee pursuant to the provisions of the Agency Indenture shall, after payment of all fees and expenses of the Agency Trustee, and the reasonable fees and expenses of its outside counsel, if any, incurred in connection with the performance of the Agency Trustee's duties under the Agency Indenture, be applied to the payment of the Authority, as owner of the unpaid principal, interest and redemption premium, if any, and any of the Local Obligations which shall have become due.

Copies of the Local Obligations and the Agency Indenture may be obtained upon request from the Agency Trustee, U.S. Bank National Association at: 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Administration.

Reserve Policy

Upon issuance of the Series 2017 Bonds, the Insurer will issue a municipal bond debt service reserve insurance policy for the Local Obligations as described herein. See Appendix A under the heading "Reserve Account" under the caption "SECURITY FOR THE REFUNDING BONDS." The following disclosure has been provided by the Insurer.

[INSURER DESCRIPTION TO COME]

Approval by Oversight Board and Department of Finance

Before the issuance of refunding bonds under the Dissolution Act, a Successor Agency must obtain the approval of the Oversight Board, by resolution. Such Oversight Board resolution (as with all Oversight Board resolutions) does not become effective unless it has been approved, or deemed approved, by the DOF. The issuance of the Local Obligations by the Agency Participant has been approved by the Oversight Board. Additionally, on _____, 2017 the DOF issued a determination letter with respect to the Oversight Board's resolution (the "DOF Letter") indicating the DOF's approval of the Oversight Board's approval of the issuance of the Local Obligations over which it had jurisdiction. The DOF Letter conditioned such approval on the understanding that the Series 2017 Bonds will meet the limitations in Health and Safety Code Section 34177.5.

Pursuant to Health and Safety Code Section 34177.5(f), once the DOF has given its approval to the Oversight Board resolution approving the issuance of the Local Obligations, the scheduled payments on the Local Obligations must be listed on the Successor Agency's ROPS (see "Recognized Obligation Payment Schedule" above) and will not be subject to further review and approval by the DOF or the State Controller. Furthermore, pursuant to Health and Safety Code Section 34177.5(f), once the Local Obligations are issued with an Oversight Board's approval, such Oversight Board will not be permitted to unilaterally approve any amendments to or early termination of the bonds, indebtedness, or enforceable obligation.

The Dissolution Act also provides that, notwithstanding any other State law, an action to challenge the issuance of bonds under the Dissolution Act must be brought within 30 days after the date on which the Oversight Board adopts the resolution approving the issuance of the bonds by the Successor Agency. More than 30 days have expired between the adoption of the Oversight Board resolution approving the issuance of the Local Obligations and the date of this Official Statement. During this interim, none of the Authority, the County or the Agency Participant has received notice of any action challenging the issuance of the Local Obligations.

Due Diligence Reviews

Pursuant to the Dissolution Act, the Agency Participant was required to retain an independent accountant to conduct two reviews, known as due diligence reviews (each, a “DDR”): one for the Housing Fund and the other for all of the other funds and accounts (the “Other Funds”). The purpose of the DDRs was to determine the unobligated balance (the “Unobligated Balance”), if any, of the Housing Fund and the Other Funds, as of June 30, 2012, so that such Unobligated Balance would be distributed to the taxing agencies. Pursuant to the specific procedure for determining the Unobligated Balances set forth in the Dissolution Act, legally restricted funds (including bond proceeds), value of assets that are not cash or cash equivalents (such as land and equipment) and amounts that are needed to satisfy obligations listed on an approved ROPS were excluded from the Unobligated Balance.

With respect to each DDR, the Agency Participant was required to and did submit such DDR, after review and approval by the Oversight Board, to the DOF. The DOF issued determination letters confirming the Unobligated Balances from the Housing Fund and the Other Funds to be remitted to the County Auditor-Controller. The Agency Participant issued payments to the County Auditor-Controller for the required amounts.

Because the Agency Participant has made the remittances required by the DOF’s final determination concerning the DDRs, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a “Finding of Completion” to the Agency Participant on December 16, 2015. Upon receipt of such Finding of Completion, the Agency Participant in receipt of such determination is authorized to proceed with actions permitted under certain provisions of the Dissolution Act, such as the disposition of real property assets following Oversight Board and DOF approval of a Long Range Property Management Plan (“LRPMP”). On July 21, 2015 and September 24, 2015, the Agency Participant’s Governing Board and Oversight Board, respectively, approved the submission of a LRPMP to DOF. On December 7, 2015, DOF approved the transfer of government use properties to the City of West Covina and the retention of properties held to fulfill enforceable obligations. On December 18, 2015, the Agency Participant received DOF’s determination letter approving the LRPMP.

Additional Bonds

The Trust Agreement does not authorize the issuance of additional bonds or parity debt. There is limited authority under the Agency Indenture for the Agency Participant to issue additional bonds. The Dissolution Act in its current form does not permit a Successor Agency issuing bonds or incurring other indebtedness for purposes other than refunding existing enforceable obligations or outstanding bonds of the agency resulting in savings. See “SECURITY FOR THE REFUNDING BONDS – Parity Debt Limited to Refunding Bonds” in Appendix A for a description of the conditions precedent for the issuance of indebtedness on a parity basis with the Local Obligations.

Covenants of the Agency Participant

The following is a general description of covenants and terms that will be included in Agency Indenture. This description is intended to be general and a summary statement of terms which necessarily vary.

Punctual Payment. The Agency Participant will agree under the Agency Indenture to punctually pay the principal of, premium (if any) and interest on the Local Obligations in conformity with the terms of the Local Obligations and of the Agency Indenture and will faithfully satisfy, observe and perform all conditions, covenants and requirements of the Local Obligations and of the Agency Indenture.

Against Encumbrances. The Agency Participant will agree under the Agency Indenture to not mortgage or otherwise encumber, pledge or place any charge upon any of the Tax Revenues except as provided in the Agency Indenture from the Project Areas, except as provided in the Agency Indenture, and will not issue any obligation or security superior to or on a parity with then Outstanding Series 2017 Bonds payable in whole or in part from the Tax Revenues (other than additional bonds in accordance with the Agency Indenture). The Agency shall prepay the outstanding Prior Agreement on a parity with the Series 2017 Bonds only to the extent that such prepayment would be permitted by Section 34177.5(a)(1) of the Dissolution Act.

Payment of Claims. Subject to the terms of the Dissolution Act, the Agency Participant 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 Participant 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 Local Obligations; provided that the Agency Indenture will not be required to make any such payments so long as the Agency Participant in good faith will contest the validity of any such claims.

Protection of Security and Rights of Owners. The Agency Participant will agree under the Agency Indenture to preserve and protect the security of the Local Obligations 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 Series 2017 Bonds by the Agency Participant, such Series 2017 Bonds will be incontestable by the Agency Participant.

Amendment of Redevelopment Plan. Plan amendments are limited by the terms of the Dissolution Act and generally require the report of an independent consultant which demonstrates that Tax Revenues will not be materially reduced by such proposed amendment.

Tax Covenants; Rebate Fund. As may be relevant to the Series 2017A Bonds, the Agency Participant will agree under the Agency Indenture to not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on any of the Series 2017A Bonds under Section 103 of the Code, and to pay from time to time its share of amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Series 2017A Bonds from time to time.

Compliance with the Dissolution Act. The Agency Participant covenants that in addition to complying with the requirements of the Agency Indenture, it will comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Agency Participant covenants and agrees to file all required statements and seek all necessary Successor Agency or Oversight Board approvals required under the Dissolution Act in order to assure compliance by the Agency Participant with its covenants under the Agency Indenture. Furthermore, the Agency Participant will take all actions required under the Dissolution Act to file its ROPS in a timely manner and to include on each ROPS for each twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision): (a) all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the Agency Indenture; (b) any amounts required to pay principal and interest payments due under the Pass-Through Obligations and the Prior Agreement; [(c) a request to receive on each January 2 the Annual Debt Service for the Outstanding Series 2017 Bonds for the entire calendar year to which the ROPS applies;] [TO BE CONFIRMED] (d) any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement; (e) any deficiency in the reserve accounts under the Prior Agreement; (f) any Compliance Costs; and (g) any required debt service, reserve set-asides, and any other payments required under the Agency Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the California Health and Safety Code, so as to enable the County Auditor-Controller

to distribute from the RPTTF to the Agency Trustee for deposit in the Tax Increment Fund on each January 2 amounts that are sufficient to pay the Annual Debt Service on the Outstanding Series 2017 Bonds coming due in the respective twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision). These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and the DOF, to the extent necessary, the amounts to be held by the Agency Participant as a reserve until the next twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision), as contemplated by Section 34171(d)(1)(A) of the Dissolution Act, which amounts are necessary to provide for the payment of principal of, premium, if any, and the interest under the Agency Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Agency Indenture for the next payment due in the following twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision).

Credits to Redevelopment Obligation Retirement Fund. The Agency Participant will agree under the Agency Indenture to credit all Tax Revenues withdrawn from the RPTTF by the County Auditor-Controller and remitted to the Agency Trustee for the payment of the Local Obligations to the Redevelopment Obligation Retirement Fund established pursuant to Section 34170.5 of the California Health and Safety Code.

Limited Obligations of the Agency Participant

The Local Obligations are not a debt of the County, the City of West Covina, the State or any of its political subdivisions, and neither the City referenced in this Official Statement, the State nor any of its political subdivisions, other than the Agency Participant, is liable in any way for the Local Obligations. The principal of, premium (if any) and interest on the Local Obligations are payable solely from the Tax Revenues under, and to the extent described in, the Agency Indenture and the funds pledged therefor under the Agency Indenture, as applicable. The Local Obligations are limited obligations of the Agency Participant and the Project Areas payable solely from and secured by the Tax Revenues to be derived from the Project Areas, and from the amounts on deposit in certain funds as further described in Appendix A. The Agency Participant will covenant and agree under the Agency Indenture to not issue obligations with a lien on Tax Revenues on a basis senior to or on a parity with the lien of its Local Obligations (except for refunding bonds) in accordance with the Agency Indenture. The Local Obligations are issued pursuant to the Agency Indenture.

LIMITATIONS ON TAX REVENUES

Property Tax and Spending Limitations

Article XIII A of the California Constitution. Section 1(a) of Article XIII A of the California Constitution limits the maximum *ad valorem* tax on real property to one percent of full cash value, to be collected by the counties and apportioned according to law. Section 2 of Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the California Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above.

In the general elections of 1986, 1988, and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a “purchase” or “change of ownership” triggering reassessment under Article XIII A. This amendment will reduce the tax increment of the Agency Participant. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within California.

In the June 1990 election, the voters of the State approved additional amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of “new construction” triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Both the California Supreme Court and the United States Supreme Court have upheld the constitutionality of Article XIII A.

Article XIII B of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof, including Section 33678 of the Law. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency of the City of Santa Ana*. On the basis of these decisions, the Agency Participant has not adopted an appropriations limit. **[CONFIRM]**

Proposition 218. On November 5, 1996, the voters of the State approved Proposition 218, the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of the public agencies to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C removes limitations on the initiative power in matters of local taxes, special taxes, assessments, fees and charges. While the matter is not free from doubt, it is likely that a court would hold that the initiative power cannot be used to reduce or repeal the levy of property taxes or to materially affect the collection and pledge of Tax Revenues.

The interpretation and application of the initiative provisions of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and while it is not possible at this time to predict with certainty the outcome of such determination, the Agency Participant does not believe that Proposition 218 will materially affect its ability to pay the principal of or interest on the Local Obligations.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in Appendix A and in the Fiscal Consultant's Report appearing in Appendix B is shown at 100% of assessed value and all general tax rates reflect the \$1.00 per \$100 of taxable value. Tax rates for bond debt service and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. Neither the Authority nor the Agency Participant is able to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) was to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

Assembly Bill 454 (Statutes of 1987, Chapter 921) further modified the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provided for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provided for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the 1% tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the

excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 was to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

The Fiscal Consultant has projected the amount of unitary revenues to be allocated for the fiscal year 2016-17 within the Project Areas. See Appendix A for such information. Neither the Authority nor the Agency Participant can predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Assessed Value Appeals and Proposition 8 Adjustments

Pursuant to State law, property owners may apply for a reduction of their property tax assessment by filing a written appeal. After the applicant and the assessor have presented their arguments, the applicable local appeals board makes a final decision on the proper assessed value. The appeals board may rule in the assessor's favor, rule in the applicant's favor, or set its own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion. Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date. A base year assessment appeal has significant future revenue impacts because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the two percent inflation factor, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Section 51 of the Revenue and Taxation Code permits a reduction (a "Proposition 8 Adjustment") in the assessed value if the full cash value of the property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. During the recent real estate market downturn which started in 2006 and appears to have ended in the past five years, the County Assessor's Office initiated proactive reviews of single family homes, condominiums, townhomes, multifamily and commercial and industrial properties, which result in Proposition 8 Adjustments for many properties in the County.

After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under

Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

The taxable value of unitary property may be contested by utility companies and railroads to the State Board of Equalization. Generally, the impact of utility appeals is on the statewide value of a utility determined by the State Board of Equalization. As a result, the successful appeal of a utility may not impact the taxable value of a project area but could impact a project area's allocation of unitary property tax revenues.

Any assessment appeal that is pending or which may be filed in the future, if successful, will result in a reduction of the assessed value of the subject property. A reduction of assessed valuation due to appeals, if significant, and the resulting property tax refunds could adversely impact the amount of Tax Revenues available to pay debt. See additional discussion on assessment appeals in Appendix A and in the Fiscal Consultant's Report appearing in Appendix B.

Additional Limitation on Tax Revenues

On November 8, 1988 the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on bonded indebtedness approved by the voters of the taxing entity after January 1, 1989 will be allocated to the taxing entity and not to the redevelopment agency. The Agency Participant does not project the receipt of any tax increment revenues as a result of general obligation bonds which may be approved on or after January 1, 1989.

RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Series 2017 Bonds and the credit quality of the Local Obligations. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Series 2017 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, see "LIMITATIONS ON TAX REVENUES" in the forepart of this Official Statement. See also "SPECIAL RISK FACTORS" in Appendix A for a discussion of additional risk factors specific to the Agency Participant and the Project Areas.

Limited Special Obligations

The Series 2017 Bonds will be special obligations of the Authority, payable from and secured as to the payment of the principal, redemption premium (if any) and interest thereon in accordance with their terms and the terms of the Trust Agreement, solely from the Trust Estate, which will consist primarily of principal and interest payments on the Local Obligations to be purchased by the Authority under the Trust Agreement and to be owned by the Authority as set forth in the Agency Indenture. The Series 2017 Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of, premium (if any) and interest on any Series of Series 2017 Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of, premium (if any) and interest on the Series 2017 Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the

principal of, premium (if any) and interest on the Series 2017 Bonds. The payment of the principal of, premium (if any) and interest on the Series 2017 Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

Risks of Real Estate Secured Investments Generally

The Owners and Beneficial Owners of the Series 2017 Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property within and in the vicinity of the Project Areas, the supply of or demand for competitive properties in the Project Areas, and the market value of competitive properties in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, fires, droughts and floods), which may result in uninsured losses.

Tax Revenues

Tax Revenues, which secure the Local Obligations, are determined by the incremental assessed value of taxable property in the Project Areas, the current rate or rates at which property in the Project Areas is taxed, and the percentage of taxes collected in the Project Areas. Several types of events which are beyond the control of the Agency Participant could occur and cause a reduction in available Tax Revenues and, potentially, Revenues under the Trust Agreement. A reduction of taxable values of property in the Project Areas or a reduction of the rate of increase in taxable values of property in the Project Areas caused by economic or other factors beyond the Agency Participant's control (such as a relocation out of the Project Areas by one or more major property owners, successful appeals by property owners for a reduction in a property's assessed value, a reduction in the rate of transfers of property, construction activity or other events that permit reassessment of property at lower values, or the destruction of property caused by natural or other disasters, including earthquakes) could occur, thereby causing a reduction in Tax Revenues and, potentially, Revenues under the Trust Agreement. This risk increases in proportion to the percent of total assessed value attributable to any single assessee in the Project Areas and in relation to the concentration of property in the Project Areas in terms of size or land use. The Project Areas have a large concentration of ownership among the largest property taxpayers. See "THE PROJECT AREAS" and "SPECIAL RISK FACTORS – Concentration of Ownership" in Appendix A.

Any reduction in the tax rate applicable to property in the Project Areas, by reason of discontinuance of certain override tax levies in excess of the 1% basic levy, will reduce the Tax Revenues and, potentially, Revenues under the Trust Agreement. The tax rates which are applied to incremental taxable values consist of two components: the General Tax Rate of \$1.00 per \$100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed 1% (\$1.00 of \$100 taxable value) in accordance with Article XIII A. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates, which are reflective of debt approved after December 31, 1988. As mentioned in the Fiscal Consultant's Report, many issues involved in the dissolution of redevelopment agencies have yet to be resolved. Additionally approximately 100 lawsuits have been filed on various aspects of AB 26 and AB 1484 which could impact the dissolution of redevelopment agencies. The projections herein could be impacted as a result of future court decisions.

The Fiscal Consultant has based certain projections herein on assumptions with regard to the Project Areas, including growth in assessed values and tax increment revenue growth. These projections

assume that assessed value will increase by 2% annually beginning in fiscal year 2017-18. A 2% growth rate is the maximum inflationary growth rate permitted by law. For summary information regarding such projections and projected growth rate of the Agency Participant, see Appendix A under the caption “THE PROJECT AREAS” and the Fiscal Consultant’s Report appearing in Appendix B. There can be no assurance, however that assessed values will increase as projected, if at all.

Any reduction in assessed value in the Project Areas, reduction in tax rates or reduction in taxes collected would reduce the Tax Revenues available to pay debt service on the Local Obligations. See “RISK FACTORS” and “LIMITATIONS ON TAX REVENUES – Property Tax Administrative Costs.” See also Appendix A under the caption “THE PROJECT AREAS” hereto for a summary of historical assessed valuation of property in the Project Areas, current assessment appeals and historical delinquencies.

Successor Agency Powers and Resources Are Limited

Each Successor Agency was created pursuant to the Dissolution Act to wind down the affairs of a Former RDA. Its powers are limited to those granted under the Dissolution Act. It has no power to levy and collect property taxes. It does not have any legal authority to participate in redevelopment activities, except to complete work related to enforceable obligations, as defined in the Dissolution Act. Many Successor Agency actions are subject to the review or the directions of its Oversight Board and the DOF and, in some cases, the County Auditor-Controller and the State Controller. California Health and Safety Code Section 34173(e) states that that the liability of the Successor Agency, acting pursuant to the powers granted under the Dissolution Act, is limited to the extent of the total sum of property tax revenues it receives pursuant to the Dissolution Act and the value of assets transferred to it as a Successor Agency for the Former RDA.

Prior to dissolution, the Former RDA retained funds on hand, accumulated from prior years, that were available for use if short-term cash flow issues arose. In the event of a delay in the receipt of tax increment in any given year, the Former RDA could (though it was not obligated to) use such other available funds to make payments on debt obligations when due. Under the Dissolution Act, a Successor Agency is required to seek prior approval from its Oversight Board (and, therefore, the DOF because all Oversight Board actions are subject to DOF’s review) in order to pay an enforceable obligation from a source of funds that is different than the one identified on the ROPS. As the result of procedures already completed under the Dissolution Act, such as the due diligence reviews (see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Due Diligence Reviews”), the Successor Agency virtually has no alternative resources available to make payment on enforceable obligations if there is a significant delay with respect to scheduled RPTTF disbursements or if the amount from RPTTF disbursements is not sufficient for the required payment on the enforceable obligations.

Limited Application of Tax Revenues in Project Areas

Debt service payable on the Series 2017 Bonds has been calculated based on the assumption that the Agency Participant and the Project Areas will generate sufficient Tax Revenues to timely pay debt service on the Local Obligations with respect to the Project Areas and that the aggregate of the debt service on all Local Obligations will be available in an amount sufficient to timely pay debt service on the Series 2017 Bonds. Accordingly, if there should be a substantial decline in the amount of Tax Revenues available with respect to the Agency Participant or the Project Areas causing a default in the payment of the Local Obligations, and should the debt service reserve account established for the Local Obligations become depleted as a result of such default or defaults in the payment of the Local Obligations, the Authority may be unable to pay debt service on the Series 2017 Bonds.

Change in Law

In addition to the other limitations on Tax Revenues, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease with the effect of reducing Tax Revenues payable to the Agency Participant. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the security of the Local Obligations.

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit certain Successor Agencies with limited remaining obligations to submit a Last and Final ROPS for approval by the Oversight Board and DOF. The Last and Final ROPS must list the remaining enforceable obligations of the Successor Agency, including the total outstanding obligation amount and a schedule of remaining payments for each enforceable obligation. The Last and Final ROPS shall also establish the maximum amount of funds from the RPTTF to be distributed to the Successor Agency for each remaining fiscal year until all obligations have been fully paid.

Any revenues, interest, and earnings of the Successor Agency, including proceeds from the disposition of real property, that are not authorized for use pursuant to the approved Last and Final ROPS shall be remitted to the County Auditor-Controller for distribution to the affected taxing entities. A Successor Agency shall not expend more than the amount approved for each enforceable obligation listed on the approved Last and Final ROPS and once the Successor Agency has received RPTTF moneys equal to the amount of the total outstanding obligations approved in the Last and Final ROPS, the County Auditor-Controller will not allocate further RPTTF moneys to the Successor Agency.

Successor Agencies may only amend an approved Last and Final ROPS twice. If the Agency Participant prepares and obtains DOF approval of a Last and Final ROPS and subsequently amends the Last and Final ROPS two times, the Agency Participant may be unable to make unexpected or unscheduled reserve deposits or payments due to the [Insurer]. However, the Agency Participant covenants in the Agency Indenture to provide the Agency Trustee and the [Insurer] with copies of (a) any Request for Last and Final ROPS Approval submitted by the Agency Participant and (b) any and all correspondence received from DOF regarding a Request for Last and Final ROPS Approval, upon receipt thereof. In the event that the Agency Participant and DOF schedule a meeting or telephone conference to discuss a written denial by DOF of a Request for Last and Final ROPS Approval, the Agency Participant shall timely notify the Agency Trustee and the [Insurer] of such meeting or telephone conference. The Agency Trustee will, and, if the subject of the meet and confer could impact the payment of or security for payments to the [Insurer], the [Insurer] will have the right to participate in the meeting or telephone conference either by appearance with the Agency Participant or through written submission as determined by the Agency Trustee and the [Insurer]. In the event the Agency Participant receives a denial of a Request for Last and Final ROPS Approval, and such denial could delay the receipt of tax revenues necessary to pay debt service or amounts owing to the [Insurer], the Agency Participant agrees to cooperate in good faith with the [Insurer] and the [Insurer] shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Agency Participant and DOF relating to such event and to discuss such matters with DOF directly.

The Agency Participant does not currently plan to seek approval of a Last and Final ROPS following the issuance of the Series 2017 Bonds.

See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Optional Last and Final ROPS” for a discussion of the requirements for a Last and Final ROPS and the mechanics for allocation of RPTTF moneys pursuant to an approved Last and Final ROPS.

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. See “LIMITATIONS ON TAX REVENUES” for a discussion of how this measure or other initiative measures adopted by the California electorate could reduce Tax Revenues and, potentially, Revenues under the Trust Agreement.

Levy and Collection

The Agency Participant has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency Participant to pay debt service on the Local Obligations. Likewise, the County has not implemented a Teeter Plan with respect to the collection and distribution of taxes and delinquencies in the payment of property taxes could have an adverse effect on the Agency Participant’s ability to make timely debt service payments. See “Property Tax Collection Procedures” below.

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing state-assessed public utilities’ property and property the taxes on which are a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured properties are entered separately on the assessment roll maintained by the County Assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. Collections are the responsibility of the County Treasurer and Tax Collector.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition property on the secured roll with respect to which taxes are due is delinquent on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector.

Historically, property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended,

SB 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A ten percent (10%) penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer, (2) filing a certificate in the Office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (3) filing a certificate of delinquency for record in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

The County has not implemented a Teeter Plan with respect to the collection and distribution of taxes. See Appendix A under the caption "THE PROJECT AREAS" hereto for a summary of historical assessed valuation of property in the Project Areas, current assessment appeals and historical delinquencies.

Natural Disasters; Seismic Hazards

Natural disasters, including floods and earthquakes, could damage improvements and/or property in the Project Areas, or impair the ability of landowners within the Project Areas to further develop their properties or to pay property taxes.

There are several identified faults within close proximity to or within the boundaries of the Project Areas, including the Southern Segment of the San Andreas Fault that could potentially result in damage to buildings, roads, bridges, and property within the Project Areas in the event of an earthquake. For summary information regarding natural disasters and seismic hazards concerning the Project Areas, see Appendix A under the caption "SPECIAL RISK FACTORS – Natural Disasters; Seismic Hazards." If an earthquake or other natural disaster were to substantially damage or destroy taxable property within the Project Areas, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Local Obligations.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of hazardous substances that would limit the beneficial use of a property within the Project Areas. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act" is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Areas be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of remedying the condition, since the purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller.

Assessment Appeals

Property taxable values may be reduced as a result of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the Project Areas and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues, and, potentially, Revenues. The Agency Participant has in the past experienced reductions in Tax Revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. See "THE PROJECT AREAS – Assessment Appeals" in Appendix A for a discussion of historical assessment appeals in the Project Areas.

Litigation

Certain litigation may affect the distribution of property tax revenues or other monies to the Agency Participant, which may affect the amounts available to pay debt service on the Series 2017 Bonds. See "LITIGATION" and APPENDIX A – "THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY – LITIGATION" herein.

Economic Risks

The Agency Participant's ability to make payments on the Local Obligations will be partially dependent upon the economic strength of the Project Areas. If there is a decline in the general economy of the Project Areas, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of tax increment revenues. In the event of decreased values, Tax Revenues and, potentially, Revenues may decline as a result.

State Budget Issues

AB 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its Fiscal Years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of \$1.5 billion).

SB 107, which makes extensive amendments to the Dissolution Act, was enacted following the adoption of the Fiscal Year 2015-16 Budget, after having initially been presented as AB 113, a trailer bill to the Fiscal Year 2015-16 Budget. SB 107 changes the process for submitting Recognized Obligation Payment Schedules from a six-month to an annual process, authorizes successor agencies to submit and obtain DOF approval of a Last and Final ROPS to govern all remaining payment obligations of the Successor Agency, alters the provisions governing the distribution of RPTTF moneys attributable to pension and State Water Project tax rate overrides, and eliminates the impact of financial and time limitations in redevelopment plans for purposes of paying enforceable obligations, among other changes to the Dissolution Act. These statutory amendments impact the manner in which Successor Agencies claim RPTTF moneys for enforceable obligations and, for some Successor Agencies, impact the amount of RPTTF moneys that will be available for payment of the Successor Agency's enforceable obligations.

There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues.

Information about the State budget and State spending is available at various State maintained websites. Text of the Fiscal Year 2016-17 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget and the proposed budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. Neither the Authority nor the Agency Participant can make any representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Direct and Overlapping Indebtedness

The ability of land owners within the Project Areas to pay property tax installments as they come due could be affected by the existence of other taxes and assessments, imposed upon the land. In addition, other public agencies whose boundaries overlap those of the Project Areas could, without consent of the Agency Participant, and in certain cases without the consent of the owners of the land within the Project Areas, impose additional taxes or assessment liens on the property to finance public improvements. See "Bankruptcy and Foreclosure" below.

Bankruptcy and Foreclosure

The payment of property taxes by owners may be limited by bankruptcy, insolvency, or other laws generally affecting creditor's rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the issuance of the Series 2017 Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the property tax obligation of a landowner to become extinguished, such bankruptcy could result in a delay in collection of Tax Revenues, and would increase the likelihood of a delay or default in payment of the principal of and interest on the Local Obligations.

Future Legislation and Initiatives

Article XIII A, Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the Agency Participant or the Agency Participant's ability to expend revenues. In addition, there are currently a number of proposed legislative changes to the Dissolution Act which, if adopted, would also affect revenues of the Agency Participant or the Agency Participant's ability to expend revenues. The nature and impact of these measures cannot currently be anticipated.

TAX MATTERS

Series 2017A Bonds

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest due with respect to the Series 2017A Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest due with respect to the Series 2017A Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest due with respect to the Series 2017A Bonds might be included as an adjustment in the calculation of alternative minimum taxable income.

The difference between the issue price of a Series 2017A Bond (the first price at which a substantial amount of the Series 2017A Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series 2017A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to the owner of the Series 2017A Bond before receipt of cash attributable to such excludable income (with respect to the Series 2017A Bonds). The amount of original issue discount deemed received by the owner of a Series 2017A Bond will increase the owner's basis in the Series 2017A Bond. In the opinion of Bond Counsel original issue discount that accrues to the owner of a Series 2017A Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of constituting interest (and original issue discount) due with respect to the Series 2017A Bond is based upon certain representations of fact and certifications made by the Agency Participant and others and is subject to the condition that the Agency Participant comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2017A Bonds to assure that interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) due with respect to the Series 2017A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017A Bonds. The Agency Participant has covenanted to comply with all such requirements.

The amount by which a Series 2017A Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2017A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Series 2017A Bond premium, which must be amortized under Section 171 of the Code; such amortizable Series 2017A Bond premium reduces the Series 2017A Bond Owner's basis in the applicable Series 2017A Bond (and the amount of tax-exempt interest received with respect to the Series 2017A Bond), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Series 2017A Bond premium may result in a Series 2017A Bond Owner realizing a taxable gain when a Series 2017A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2017A Bond to the Owner. Purchasers of the Series 2017A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Series 2017A Bond premium.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) due with respect to any Series 2017A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2017A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2017A Bonds might be affected as a result of such an audit of the Series 2017A Bonds (or by an audit of similar securities).

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2017A BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE SERIES 2017A BONDS OR THE MARKET VALUE OF THE SERIES 2017A BONDS. LEGISLATIVE CHANGES HAVE BEEN INTRODUCED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2017A BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2017A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2017A BONDS SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE SERIES 2017A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2017A BONDS.

Although Bond Counsel has rendered an opinion that the interest (and original issue discount) due with respect to the Series 2017A Bonds is excluded from gross income for federal income tax purposes provided that the Agency Participant continue to comply with certain requirements of the Code, the ownership of the Series 2017A Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Series 2017A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series 2017A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences with respect to the Series 2017A Bonds.

Series 2017B Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest with respect to the Series 2017B Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Series 2017B Bond (the first price at which a substantial amount of the Series 2017B Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series 2017B Bond constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original

issue discount deemed received by the Series 2017B Bond Owner will increase the Series 2017B Bond Owner's basis in the Series 2017B Bond.

The amount by which a Series 2017B Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2017B Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Series 2017B Bond premium, which a Series 2017B Bond holder may elect to amortize under Section 171 of the Code; such amortizable Series 2017B Bond premium reduces the Series 2017B Bond Owner's basis in the applicable Series 2017B Bond (and the amount of taxable interest received), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Series 2017B Bond premium may result in a Series 2017B Bond Owner realizing a taxable gain when a Series 2017B Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2017B Bond to the Owner. Purchasers of the Series 2017B Bond should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Series 2017B Bond premium.

The federal tax and State of California personal income tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. The ownership and disposal of the Series 2017B Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Series 2017B Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series 2017B Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2017B Bonds.

A copy of the proposed form of opinions of Bond Counsel is attached hereto as Appendix E.

CONTINUING DISCLOSURE

In accordance with the Continuing Disclosure Agreement to be delivered concurrently with the delivery of the Series 2017 Bonds, the Agency Participant will covenant and agree for the benefit of Owners of the Series 2017 Bonds, with assistance from the Authority, to provide certain financial information and operating data relating to the Project Areas by not later than eight months following the end of the Agency Participant's fiscal year (presently June 30), in each year commencing with its report for the 2016-17 fiscal year (each an "Annual Report"). The Agency Participant has also agreed to provide notices of the occurrence of certain enumerated events. Such Annual Report and notices will be filed by the Agency Participant or the Authority, as dissemination agent, on behalf of the Agency Participant, with the MSRB through EMMA.

The Authority has agreed to assist the Agency Participant in the preparation of annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, principal taxpayers, and has agreed to advise the Agency Participant of any enumerated events of which it has knowledge. The Authority will act as Dissemination Agent and, unless otherwise filed by the Agency Participant, will file the Annual Reports, including audited financial statements, if any, and notices with the MSRB through EMMA. In carrying out the duties of Dissemination Agent, the Authority will adhere to the continuing disclosure procedures approved by the County Treasurer and Tax Collector found at the Los Angeles County Treasurer and Tax Collector website (http://tc.lacounty.gov/Proptax/Investor_Info.asp). The information contained in such website is not incorporated into this Official Statement.

These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Commission Rule 15c2-12(b)(5) ("Rule 15c2-12"). The specific nature of the information to

be contained in the Annual Report and the notices of enumerated events are set forth in APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The compliance of the Agency Participant with its past obligations under Rule 15c2-12 is described in Appendix A in the introductory section under the caption “Continuing Disclosure.”

CERTAIN LEGAL MATTERS

The validity of the Series 2017 Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel to the Authority. Bond Counsel, as such, has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement. A complete copy of the proposed form of opinions of Bond Counsel relating to the Series 2017 Bonds is contained in APPENDIX E – “FORM OF OPINIONS OF BOND COUNSEL” attached hereto. Certain legal matters will be passed upon for the Authority by County Counsel as Counsel to the Authority. Certain legal matters will be passed upon for the Agency Participant by Jones & Mayer, Fullerton, California. Certain legal matters will be passed upon for the Underwriters by their counsel, Jones Hall, A Professional Law Corporation, San Francisco, California.

FINANCIAL STATEMENTS

Audited annual financial statements for the City for the fiscal year ended June 30, 2016, which include the Agency Participant’s audited financial statements as a component unit, were prepared by _____. The City’s audited annual financial statements for the fiscal year ended June 30, 2016, are attached hereto as Appendix C. The Agency Participant has not requested, and the auditor has not provided, any update or review of such audited financial statements in connection with the inclusion thereof in Appendix C to this Official Statement.

FINANCIAL ADVISOR

KNN Public Finance, a limited liability company, Oakland California (the “Financial Advisor”) is serving as financial advisor to the Agency Participant and the Authority in connection with the execution and delivery of the Series 2017 Bonds. The Financial Advisor has not independently verified any of the data contained in this Official Statement or conducted a detailed investigation of the affairs of the Authority or the Agency Participant to determine the accuracy or completeness of this Official Statement. The Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained in this Official Statement.

VERIFICATION OF MATHEMATICAL ACCURACY

Causey Demgen & Moore P.C., independent accountants, upon delivery of the Series 2017 Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules prepared by the Underwriters, relating to the sufficiency of moneys and securities deposited into the Escrow Funds to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and redemption premium requirements of the Refunded Bonds.

The report of Causey Demgen & Moore P.C. will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

LITIGATION

To the best knowledge of the Authority, there is no litigation pending (where service of process has been completed on the Authority) or threatened against the County or the Authority concerning the validity of the Series 2017 Bonds or challenging any action taken by the Authority in connection with the authorization of the Trust Agreement, the Bond Purchase Agreement, Local Obligations Purchase Contract or any other document relating to the Series 2017 Bonds to which the Authority is or is to become a party or the performance by the Authority of any of its obligations under any of the foregoing.

There is no action, suit or proceeding pending or, to the knowledge of the Agency Participant, threatened, restraining or enjoining the execution or delivery of the Local Obligations or Agency Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Agency Participant, or its Oversight Board taken with respect to any of the foregoing. The Agency Participant is a defendant in actions for writs of mandamus, injunctive relief and related fees, and for alleged damages to persons and/or property and for other alleged liabilities arising out of matters usually incident to the operation of a Former RDA (now a Successor Agency). However, the Agency Participant does not expect such pending or threatened litigation to result in a material adverse impact on the ability of the Agency Participant to make timely payments of debt service on its Local Obligations. See Appendix A under the caption "LITIGATION." The lawsuits described below relate to issues that may affect the distribution of property tax revenues or other monies to the Agency Participant under the Dissolution Act.

Prior to adoption of the Dissolution Act in 2011, redevelopment agencies were responsible for remitting the statutory pass-through payments to taxing agencies based on the allocation of moneys as provided by County Auditor-Controller. Although the redevelopment agencies relied upon allocations provided by the County Auditor Controller, the redevelopment agencies were legally responsible for paying each taxing agency its allocated share. Following the adoption of the Dissolution Act, County Auditor-Controller administer the allocation and payment of statutory pass-throughs directly.

In 2007, the Los Angeles Unified School District ("LAUSD") filed a lawsuit against the County and various cities, special districts and redevelopment agencies in the County alleging that the County Auditor-Controller and local redevelopment agencies improperly allocated and paid to cities, counties, and special districts an illegally inflated share of local property tax revenue. This lawsuit involves the method the County uses to calculate the allocation of Statutory Pass-Through Amounts among taxing agencies and does not challenge the total amount or calculation of the Statutory Pass-Through Amounts owed by redevelopment agencies.

In January 2011, the Los Angeles Community College District ("LACCD") filed a similar lawsuit against the County and various cities, special districts and redevelopment agencies in the County based on the same grounds. The court in the LACCD case determined the matter to be related to the LAUSD case and therefore the case has been placed on hold pending final resolution of LAUSD matter.

The trial court in the LAUSD litigation rendered judgment in favor of the County, cities, special districts and redevelopment agencies and, after the appellate court reversed such judgment and remanded the case back to the trial court, the trial court issued a statement of decision in favor of LAUSD on January 27, 2012, ruling that the amount of pass-through received by the County, cities and special districts had been illegally inflated, and requiring the respondents to file a return on the writ explaining how they would comply with the court's order to return the improperly withheld funds to LAUSD. LAUSD appealed on September 7, 2012 to a portion of the court's statement of decision, specifically challenging the court's determination that while Education Revenue Augmentation Fund ("ERAF") revenue received by schools is to be factored when calculating their pass-through shares, the ERAF

revenue they are credited with shall not include amounts diverted under Revenue & Taxation Code sections 97.68 (the “Triple Flip”) and 97.70 (the “VLF Swap”) since their respective enactment in 2004. The appellate court agreed with LAUSD, reversed the trial court’s ruling concluding that: “The property tax revenue that LAUSD received from the ERAF’s should be deemed to include its share of the ERAF revenue that was diverted by the Triple Flip and the VLF Swap legislation, thus avoiding either a decrease in LAUSD’s pass-through payment allocation, or an increase in a city or county’s pass-through payment allocation.” The appellate court remanded to the trial court on June 26, 2013. The County appealed, and the State Supreme Court denied the County’s petition for review on this matter on October 2, 2013.

The County, LAUSD and other parties to the litigation are currently negotiating a methodology pursuant to which the Statutory Pass-Through Amounts could be allocated consistent with the appellate court decision as well as the amounts of past pass-through revenue owed to the school districts through Fiscal Year 2015-16. The County believes that a resolution with an approved calculation methodology is close to completion through a "global" settlement and accompanying court judgment before the end of calendar year 2016; however, time for a court remittitur ends in October 2016. LAUSD has sought return of pass-through amounts to which it was entitled since 2004 in addition to correcting the allocation of pass-throughs in the future. LACCD, in its lawsuit, has sought the return of Pass-Through Amounts to which it was entitled from fiscal year 2007-08 through January 31, 2012. As discussed above, prior to the enactment of the Dissolution Act in 2011, redevelopment agencies were responsible for the payment of the Statutory Pass-Through Amounts based on allocations provided by County Auditor-Controller. It is likely that the trial court could seek repayment of past due sums from the County, cities and special districts and/or from the redevelopment agencies who paid the wrong Statutory Pass-Through Amounts to the taxing agencies. The County and the school districts are also exploring the best way for the cities, special districts and Former RDAs to repay the schools which filed these lawsuits. Additionally the trial court has determined that interest is owed on any past due amounts. The total estimated County exposure (including separate agencies governed by the same County officials) is approximately \$80 million although the ultimate resolution could result in a lower figure. The County has reserved \$76 million for the expected resolution of these lawsuits. The parties next appear in court on July 27, 2016 to report on the status of the resolution efforts to the court. Though the Agency Participant is not within the boundaries of LAUSD or LACCD, it is unclear what liability, if any, the Agency Participant may have to other school or community college district within its boundaries as a result of these cases.

If the Agency Participant is found liable, it is unclear under the Dissolution Act whether any amounts owed by the Agency Participant as a result of the LAUSD case would be senior or subordinate to the payment of debt service on the Local Obligations. Notwithstanding the foregoing, due to the amount of residual tax increment revenues generated from the Project Areas, neither of the Authority nor the Agency Participant expect the final judgment or similar resolution of either litigation to result in a material adverse impact on the ability of the Agency Participant to make timely payments of debt service on the Local Obligations when due. See Appendix A under the caption “THE PROJECT AREAS – Estimated Debt Service Coverage.”

RATING

Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, a part of McGraw Hill Financial (“Standard & Poor’s”) is has assigned its municipal bond rating of “_____” to the Series 2017 Bonds. Such rating reflects only the views of Standard & Poor’s, and does not constitute a recommendation to buy, sell or hold the any of the Series 2017 Bonds. Explanation of the significance of such rating may be obtained only from Standard and Poor’s Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating

may have an adverse effect on the market price of the Series of Series 2017 Bonds to which such rating has been assigned.

UNDERWRITING

The Series 2017 Bonds are being purchased by Stifel Nicolaus & Company, Incorporated as representative of itself and Citigroup Global Markets Inc. (collectively, the “Underwriters”), pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”) by and between the Authority and the Underwriters. The Underwriters have agreed to purchase the Series 2017A Bonds from the Authority at an aggregate purchase price of \$_____ (consisting of the aggregate principal amount of the Series 2017A Bonds of \$_____, plus/less [net] original issue premium/discount of \$_____ and less underwriters’ discount of \$_____), pursuant to the terms of the Bond Purchase Agreement. The Underwriters have agreed to purchase the Series 2017B Bonds from the Authority at an aggregate purchase price of \$_____ (consisting of the aggregate principal amount of the Series 2017B Bonds of \$_____, plus/less [net] original issue premium/discount of \$_____ and less underwriters’ discount of \$_____), pursuant to the terms of the Bond Purchase Agreement. The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Series of Series 2017 Bonds offered under the Bond Purchase Agreement if any of such Series of Series 2017 Bonds offered thereunder are purchased.

The Underwriters may offer and sell the Series 2017 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriters.

ADDITIONAL INFORMATION

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Trust Agreement, the Local Obligations and the Agency Indenture may be obtained upon request from the Trustee at: 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Administration. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Authority, the Agency Participant and the purchasers or Owners of any of the Series 2017 Bonds.

This Official Statement and its distribution have been duly authorized by the Authority and the Agency Participant.

**COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-8359**

APPENDIX A

**THE SUCCESSOR AGENCY TO THE
WEST COVINA REDEVELOPMENT AGENCY**

APPENDIX B
FISCAL CONSULTANT'S REPORT

APPENDIX C
AUDITED FINANCIAL STATEMENTS

APPENDIX D
SUMMARY OF TRUST AGREEMENT

APPENDIX E

FORM OF OPINIONS OF BOND COUNSEL

Upon delivery of the Series 2017 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel to the Authority, proposes to render its final opinions in substantially the following forms with respect to each Series of Series 2017 Bonds:

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of _____ 1, 2017 (this “**Disclosure Agreement**”), is entered into by and between the COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the “**Authority**”), and the SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing pursuant to the Community Redevelopment Law of the State of California (as successor agency to the Redevelopment Agency of the City of West Covina, the “**Agency**”), in connection with the issuance of the Authority’s Tax Allocation Revenue Refunding Bonds, Series 2017A (Tax-Exempt) and its Tax Allocation Revenue Refunding Bonds, Series 2017B (Federally Taxable) (collectively, the “**Authority Bonds**”) pursuant to a Trust Agreement, dated as of _____ 1, 2017 (the “**Trust Agreement**”), by and between the Authority and U.S. Bank National Association, as trustee (the “**Authority Trustee**”).

RECITALS

A. The County of Los Angeles (the “**County**”) has developed a program (the “**Refunding Program**”) to assist the successor agencies to former community redevelopment agencies within the County to refund tax increment obligations pursuant to California Assembly Bill 1484 (Stats 2012 c. 26) (“**AB 1484**”) in order to provide debt service savings to successor agencies and to increase property tax revenues available for distribution to affected taxing entities, including the County.

B. The Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue bonds for the purpose of purchasing certain local obligations issued by certain local agencies and other purposes, including refunding any of its then-outstanding bonds, and the purchase of tax allocation obligations issued by said successor agencies as described in Section 34173 of the California Health and Safety Code.

C. The Authority has determined to issue the Authority Bonds in order to provide funds to acquire certain local obligations issued by the Agency in order to assist the Agency in refunding outstanding bonds or other indebtedness pursuant to AB 1484.

D. The Agency has issued its Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt) and its Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable) (collectively, the “**Refunding Bonds**”) pursuant to an Indenture of Trust, dated as of _____ 1, 2017 (the “**Indenture**”), by and between the Agency and U.S. Bank National Association, as trustee (the “**Agency Trustee**”), as may be amended or supplemented in accordance with its terms.

E. Such Refunding Bonds will be secured by a pledge of and lien on, and shall be repaid from, property tax revenues pledged under the Indenture.

F. This Disclosure Agreement is being executed and delivered by the Authority and the Agency for the benefit of the Holders and Beneficial Owners of the Authority Bonds and in order to assist the underwriters of the Authority Bonds in complying with the Rule.

For and in consideration of the mutual promises and covenants contained herein, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings specified herein. Capitalized terms used herein but not defined shall have the meanings ascribed thereto in the Trust Agreement or the Indenture, as applicable.

“Annual Report” means any Annual Report provided by the Agency pursuant to, and as described in, Sections 2 and 3 hereof.

“Annual Report Date” means each March 1 after the end of the Agency’s Fiscal Year.

“Agency” means the Successor Agency to the West Covina Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

“Agency Trustee” means U.S. Bank National Association, as trustee under the Indenture, or any successor thereto as trustee thereunder, substituted in its place as provided thereunder.

“Authority” means the County of Los Angeles Redevelopment Refunding Authority, a joint exercise of powers agency duly organized and existing under and pursuant to the laws of the State of California and a Joint Exercise of Powers Agreement, dated August 6, 2013, between the Los Angeles County Public Works Financing Authority and the County.

“Authority Trustee” means U.S. Bank National Association, as trustee under the Trust Agreement, or any successor trustee substituted in its place as provided thereunder.

“Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Authority Bonds (including persons holding Authority Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Authority Bonds for federal income tax purposes.

“Bonds” means, collectively, the Authority Bonds and the Refunding Bonds.

“City” means the City of West Covina, California.

“Disclosure Representative” means the Chairman, the Executive Director, the Finance Director, or such other officer as the Agency shall designate in writing to the Authority (if other than the Authority) from time to time, or any member of the Governing Board of the Agency.

“Dissemination Agent” means the Authority, acting solely in its capacity as Dissemination Agent hereunder, or any successor dissemination agent designated in writing by the Agency and which has filed with the Authority and the Agency a written acceptance of such designation.

“Fiscal Year” means the one-year period ending on the last day of June of each year, or such other period designated as the Agency’s fiscal year, or such other period selected as the Agency’s

fiscal year; provided that the Agency shall provide notice of a change in the period that comprises its fiscal year in the same manner as for a Listed Event set forth in Section 4(a).

“**Holder**” means a registered owner of the Authority Bonds.

“**Listed Events**” means any of the events listed in Sections 4(a) and (b).

“**MSRB**” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access website of the MSRB, currently located at <http://emma.msrb.org>.

“**Official Statement**” means the Official Statement, dated _____, 2017, relating to the Authority Bonds.

“**Participating Underwriter**” means any of the original underwriters of the Authority Bonds required to comply with the Rule in connection with the offering of the Authority Bonds.

“**Rule**” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report each year that is consistent with the requirements of Section 3, not later than the Annual Report Date, commencing with the report for the Fiscal Year ending June 30, 2017. The Annual Report may include by reference other information as provided in Section 3; provided, however, that the audited financial statements of the Agency, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency’s Fiscal Year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB in the same manner as a Listed Event under Section 4(a). The Annual Report shall be submitted in a form acceptable to the MSRB and shall identify the Authority Bonds by name and CUSIP number.

The Authority, on behalf of the Agency, shall provide the Agency with the information specified in Exhibit B for inclusion in the Annual Report not later than 60 days prior to the applicable Annual Report Date.

(a) Not later than 15 Business Days prior to each Annual Report Date, the Agency shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency and the Authority to determine if the Agency is in compliance with the first sentence of subsection (a).

(b) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall: (i) provide any Annual Report received by it to the MSRB, as provided herein; and (ii) file a report with the Authority and the Agency certifying the

filing date and that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement.

Section 3. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The Agency's audited financial statements, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain unaudited financial statements in a format similar to that used for the audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available. Notwithstanding the foregoing or anything to the contrary set forth herein, in the event that the Agency determines that it will no longer produce audited financial statements, the Agency shall have no obligation to include audited or unaudited financial statements in the Annual Report. The Agency shall provide notice of the termination of the Agency's obligation to include audited or unaudited financial statements in the Annual Report in the same manner as for an event listed in Section 4(a).

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the financial information and operating data with respect to the Agency described in Exhibit B, in a form substantially similar to that provided in the corresponding tables relating to the Agency and the Project Areas in Appendix A to the Official Statement.

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b), the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

Any or all of the items described above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Bonds, and hereby authorizes the Dissemination Agent to give, or cause to be given, with respect to the Bonds, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten Business Days after the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar proceeds of the Agency.

Note: For purposes of each event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Bonds, and hereby authorizes the Dissemination Agent to give, or cause to be given, with respect to the Bonds, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten Business Days after the occurrence of the event:

(i) Unless described in subsection (a)(v), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.

(ii) Modifications to rights of Holders of the Bonds.

(iii) Optional, unscheduled or contingent Bond redemptions.

(iv) Release, substitution, or sale of property securing repayment of the Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation, or acquisition involving the Agency or the Authority, or the sale of all or substantially all of the assets of the Agency or the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Dissemination Agent shall, within one Business Day of obtaining knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event.

(d) Whenever the Agency obtains knowledge of the occurrence of a Listed Event described in subsection (b), the Agency shall determine if such event would be material under applicable federal securities law.

(e) Whenever the Agency obtains knowledge of the occurrence of a Listed Event described in subsection (a), or determines that the occurrence of a Listed Event described in subsection (b) is material under subsection (d), the Agency shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB within ten Business Days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Authority Bonds pursuant to the Trust Agreement.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted as prescribed by the MSRB in electronic format.

Section 6. Termination of Reporting Obligation. The obligations of the Agency and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Authority Bonds relating to the Refunding Bonds or the legal defeasance, prior redemption or payment in full of all of the Refunding Bonds, if earlier. If such termination occurs prior to the final principal payment date of the Authority Bonds, the Agency or the Dissemination Agent, on behalf of the Agency, shall give notice of such termination in a filing with the MSRB in the same manner as for a Listed Event under Section 4(a).

Section 7. Dissemination Agent. The Authority has agreed to be the initial Dissemination Agent under this Disclosure Agreement. However, if the Dissemination Agent shall fail to comply with this Disclosure Agreement (including the obligations under Section 2(a)), the Agency may appoint a successor Dissemination Agent to assist it in carrying out the obligations of Dissemination Agent under this Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The Authority agrees to continue to serve as Dissemination Agent (and to continue to obtain and provide the Agency with the information described in the second paragraph of Section 2(a)), unless and until the Agency has appointed a successor Dissemination Agent or has discharged the Authority as Dissemination Agent. In the event that the Agency appoints a successor Dissemination Agent or discharges the Authority as Dissemination Agent, the Authority's obligations under Section 2(a) shall terminate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Agency may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if, in the opinion of nationally recognized bond counsel:

- (a) such amendment or waiver is permitted under the Rule; and

(b) such amendment or waiver does not materially impair the interests of Holders or Beneficial Owners of the Authority Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Agency shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in a filing with the MSRB; and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall prevent the Agency from voluntarily disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other reasonable means of communication, or including such information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement. If the Agency chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. The parties hereto acknowledge that, in the event of a failure of the Agency or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Authority Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate amount of principal evidenced by Outstanding Authority Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Authority Trustee), or any Owner or Beneficial Owner of the Authority Bonds, may seek specific performance by court order, to cause the Agency or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be an Event of Default under the Indenture or the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall (so long as the Authority is the Dissemination Agent) be entitled to the protections and limitations from liability afforded to the Authority under the Trust Agreement. The Dissemination Agent shall not be responsible for the form or content of financial statements made part of any Annual Report, notices of Listed Events or information sourced to the Agency. So long as the Authority is the Dissemination Agent hereunder, no compensation shall be due from the Agency for the Dissemination Agent services provided herein. Any replacement Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement as may be agreed upon by the Agency. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the Agency shall indemnify and save the Dissemination Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to the negligence or willful misconduct of the Dissemination Agent. The obligations of the Agency under

this Section shall survive resignation or removal of the Dissemination Agent and payment of the Authority Bonds and the Refunding Bonds.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Agency, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Authority Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

COUNTY OF LOS ANGELES REDEVELOPMENT
REFUNDING AUTHORITY

By: _____
Treasurer

SUCCESSOR AGENCY TO THE WEST COVINA
REDEVELOPMENT AGENCY

By: _____
Chairman

ACCEPTED AND AGREED:

COUNTY OF LOS ANGELES
REDEVELOPMENT REFUNDING
AUTHORITY, as Dissemination Agent

By: _____
Authorized Officer

ACKNOWLEDGED AND AGREED:

U.S. BANK NATIONAL ASSOCIATION, as
Authority Trustee

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Los Angeles Redevelopment Refunding Authority
Name of Issue: County of Los Angeles Redevelopment Refunding Authority
Tax Allocation Revenue Refunding Bonds, Series 2017A (Tax-Exempt) and
Tax Allocation Revenue Refunding Bonds, Series 2017B (Federally Taxable)
Obligated Person: Successor Agency to the West Covina Redevelopment Agency
Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the Successor Agency to the West Covina Redevelopment Agency (the "Agency") has not provided an Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement, dated as of _____ 1, 2017, by and between the County of Los Angeles Redevelopment Refunding Authority and the Agency. [The Agency anticipates that the Annual Report will be filed by _____.]

Dated: _____

COUNTY OF LOS ANGELES REDEVELOPMENT
REFUNDING AUTHORITY, as Dissemination
Agent, on behalf of the Successor Agency to the West
Covina Redevelopment Agency

cc: Successor Agency to the West Covina Redevelopment Agency

EXHIBIT B

**INFORMATION TO BE ASSEMBLED BY THE
COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY**

relating to the

**Successor Agency to the West Covina Redevelopment Agency
Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt)
Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable)**

The Authority will provide the following financial information and operating data with respect to the Agency, in a form substantially similar to that provided in the corresponding tables relating to the Agency and the Project Areas in Appendix A to the Official Statement:

(i) An update of the ten largest assesseees in substantially the format of Table A-2 of Appendix A to the Official Statement for the current Fiscal Year in which the Annual Report Date occurs;

(ii) An update of taxable assessed and incremental values in substantially the format of Table A-3 of Appendix A to the Official Statement for the current Fiscal Year in which the Annual Report Date occurs;

(iii) An update of tax levy, total collections and total collections as a percentage of the tax levy in substantially the format of Table A-4 of Appendix A to the Official Statement for the Fiscal Year prior to the Annual Report Date;

(iv) An update of the number of pending appeals, the combined values of pending appeals, the number of resolved appeals and resulting reduction of value provided in Table A-5 of Appendix A to the Official Statement for the Fiscal Year prior to the Annual Report Date;

(v) An entry in substantially the format of the entries in Table A-7 of Appendix A to the Official Statement reflecting Tax Revenues for the Fiscal Year prior to the Annual Report Date;

(vi) An entry in substantially the format of the entries in Table A-9 of Appendix A to the Official Statement reflecting the aggregate debt service coverage for the Fiscal Year prior to the Annual Report Date; and

(vii) An update of the residual RPTTF revenues (as defined in the Official Statement) substantially in the format of Table A-10 of Appendix A to the Official Statement for the Fiscal Year prior to the Annual Report Date.

BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2017 Bonds, payment of principal of, premium (if any) and interest on the Series 2017 Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2017 Bonds, and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on information furnished by DTC which the Authority believes to be reliable, but the Authority does not take responsibility for the completeness or accuracy thereof. The Authority cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of the principal of, premium (if any) and interest on the Series 2017 Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Series 2017 Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity (and each individual yield in the case of bifurcated maturities) of the Series 2017 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; provided that nothing contained in such website is incorporated into this Official Statement.

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2017 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may

be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF SERIES 2017 BONDS FOR REDEMPTION.

DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Authority. The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC (or a successor securities depository) with respect to the Series 2017 Bonds. The Authority undertakes no obligation to investigate matters that would enable the Authority to make such a determination. In the event that the book-entry system is discontinued as described above, the requirements of the Trust Agreement will apply.

THE AUTHORITY AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE SERIES 2017 BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE AUTHORITY AND THE UNDERWRITERS ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE SERIES 2017 BONDS OR AN ERROR OR DELAY RELATING THERETO.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority deems reliable, but the Authority takes no responsibility for the accuracy thereof.

DTC may discontinue providing its services as securities depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2017 Bonds are required to be printed and delivered as described in the Trust Agreement.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2017 Bonds will be printed and delivered as described in the Trust Agreement and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Series 2017 Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

APPENDIX A**SUCCESSOR AGENCY TO THE CITY OF WEST COVINA**

The following information regarding the Successor Agency to the West Covina Redevelopment Agency (the “Agency”), the West Covina Community Development Commission (the “Former Agency”), the Former Agency’s redevelopment project areas (collectively, the “Project Areas”) and the City of West Covina (the “City”) is presented as additional and specific information with respect to the Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt) (the “Series A Bonds”) and the Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable) (the “Series B Bonds,” and with the Series A Bonds, the “Refunding Bonds”) being purchased by the Authority, which are payable solely from Tax Revenues (as defined in this Appendix A) attributable to the Project Areas and all amounts on deposit from time to time in the funds and accounts established under the Indenture of Trust, dated as of _____ 1, 2017 (the “Agency Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Agency Trustee”), relating to the Refunding Bonds. The information set forth in this Appendix A has been obtained from the Agency, HdL Coren Cone as fiscal consultant (the “Fiscal Consultant”), and from other sources and is believed to be reliable but is not guaranteed as to accuracy or completeness. Appendix B attached to this Official Statement includes the Fiscal Consultant’s Report with respect to the Agency’s Project Areas. Terms defined in this Appendix A are in most instances specific to this Appendix A. Capitalized terms used in this Appendix A and not otherwise defined herein have the respective meanings assigned to them in the forepart of this Official Statement, in the Trust Agreement and in the Agency Indenture, as applicable. See APPENDIX D—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached to this Official Statement.

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The information and expressions of opinions in this Appendix A are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof. The taxing power of the City, the County of Los Angeles (the “County”), the State of California (the “State”) or any political subdivision thereof is not pledged to the payment of the Refunding Bonds. See the information under the captions “THE REFUNDING BONDS” in this Appendix A and “THE SERIES 2017 BONDS” in the forepart of this Official Statement.

Brief descriptions of the Refunding Bonds, the Agency Indenture, the Agency, the Former Agency and the City are included in this Appendix A. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Appendix A to the Refunding Bonds, the Agency Indenture, the Law (as hereinafter defined), the Dissolution Act, the Constitution and the laws of the State as well as the proceedings of the Former Agency and the Agency are qualified in their entirety by reference to such documents. Copies of the proceedings of the Agency referred to above, the Agency Indenture and other documents described in this Appendix A are available for inspection at the offices of the Agency, at 1444 West Garvey Avenue South, West Covina, California 91790.

The Agency maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Refunding Bonds or the Authority Bonds.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

General

The Redevelopment Agency of the City of West Covina (the “Redevelopment Agency”) was established pursuant to the provisions of the Community Redevelopment Law, being Part 1 of Division 24 of the California Health and Safety Code (the “Law”) by an ordinance of the West Covina City Council adopted in 1971. On December 16, 2003, by an ordinance of the West Covina City Council, the Redevelopment Agency became a community development commission pursuant to Article 1 of Chapter 3 of Part 1 of Division 24 of the California Health and Safety Code, and was named the West Covina Community Development Commission (the “Former Agency”).

Assembly Bill x1 26 (“AB x1 26”) chaptered and effective on June 28, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws were modified, in part, and determined constitutional by the California Supreme Court in the petition *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 (“Matosantos Decision”), which laws and court opinion caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies; thereafter, such laws were amended further by Assembly Bill 1484 (“AB 1484”) that was chaptered and effective on June 27, 2012 and Senate Bill 107 (“SB 107”) that was chaptered and effective on September 22, 2015 (together AB x1 26, the Matosantos Decision, AB 1484, SB 107 and such other amendments as have been adopted from time to time are referred to as the “Dissolution Act”).

On January 10, 2012, the West Covina City Council adopted Resolution No. 2012-1 to elect to become the Successor Agency to the Former Agency.

The City is located in the eastern portion of Los Angeles County and has an estimated 2016 population of approximately 108,000 persons. The City and its surrounding metropolitan region have continued to experience growth in population and in economic diversity. The City contains approximately 16.1 square miles. Tourism and hospitality, professional and business services, direct international trade, entertainment (including motion picture and television production), and wholesale trade and logistics all contribute significantly to local employment.

The Redevelopment Plans and the Project Areas

The Refunding Bonds are principally payable from Tax Revenues (as defined in this Appendix A) attributable to the Project Areas. The Project Areas consist of two redevelopment projects and component areas thereof that are separately tracked by the County. See “THE PROJECT AREAS” in this Appendix A for detailed information regarding the Redevelopment Plans (defined below under the heading “THE PROJECT AREAS—General”) for the Project Areas, certain amendments to the Redevelopment Plans, and the Project Areas.

No Other Project Areas

Other than the Project Areas, there are no active redevelopment project areas approved by the City and the Former Agency within its area of operation.

Tax Revenues

The Refunding Bonds will be secured by a pledge of “Tax Revenues” as provided under the Agency Indenture.

As defined in the Agency Indenture, the term “Tax Revenues” means all taxes annually allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws that are available for deposit into or deposited in the Redevelopment Property Tax Trust Fund, subject to the prior application and liens in favor of payments with respect to Pass-Through Obligations and the Prior Agreements, and limited, in each case, to the extent of the project area-specific or site-specific portion of such Tax Revenues applicable and/or pledged to the payment of such obligations. If and to the extent that the provisions of California Health and Safety Code Section 34172 or paragraph (2) of subdivision (a) of California Health and Safety Code Section 34183 are invalidated by a final judicial decision, then the term “Tax Revenues” will include all tax revenues allocated to the payment of indebtedness pursuant to California Health and 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.

Pursuant to the Dissolution Act, former tax increment revenues generated in the Project Areas are no longer required to be deposited into the Housing Fund (defined below). Accordingly, such revenues are now available and pledged to the repayment of the Refunding Bonds. See “SECURITY FOR THE REFUNDING BONDS—Low and Moderate Income Housing Fund.”

Purpose of Refunding

Proceeds of the Refunding Bonds will be used (i) to refund and prepay a portion of the outstanding bonds and loan agreements of the Agency relating to the Project Areas (the obligations being refunded and prepaid are referred to in this Appendix A as the “Refunded Obligations”), and (ii) to pay the costs of issuing the Refunding Bonds and of refunding and prepaying the Refunded Obligations, including the payment of premiums with respect to a policy of municipal bond insurance and a debt service reserve account surety bond. See “THE REFUNDING PLAN” in this Appendix A. The Refunded Obligations were issued to finance and refinance certain improvements and programs in, or benefiting, the Project Areas.

Security for the Refunding Bonds

Tax revenues generated from the incremental taxable value in the Project Areas were, prior to February 1, 2012, generally referred to as tax increment revenues. The Law provided that the tax increment revenues could be pledged by a redevelopment agency to the repayment of agency indebtedness. As used in this Appendix A and in the Fiscal Consultant’s Report appearing in Appendix B, the former tax increment

revenues, including unitary tax revenue and less County applied apportionment adjustments and reductions for amounts above the annual tax revenue limit are referred to as “Gross Tax Revenues.”

The Refunding Bonds are payable from, and are secured by, the Tax Revenues, as defined above under the caption “—Tax Revenues” and amounts in certain funds and accounts held under the Agency Indenture. See “SECURITY FOR THE REFUNDING BONDS” in this Appendix A.

Prior Agreement

The Agency has one obligation that is payable from Tax Revenues on a senior basis to the Refunding Bonds. This obligation is described under the caption “SECURITY FOR THE REFUNDING BONDS—Prior Agreement.

Litigation

There is no action, suit or proceeding pending or, to the knowledge of the Agency officials, threatened, restraining or enjoining the execution or delivery of the Refunding Bonds, the Agency Indenture, the receipt of Tax Revenues in the amounts projected by the Fiscal Consultant, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Agency or its Oversight Board taken with respect to any of the foregoing.

Due Diligence Review and DOF Settlement

On April 24, 2013, the State Department of Finance (“DOF”) issued its final determination on the Other Funds and Accounts Due Diligence Review (“OFA DDR”) submitted by the Agency pursuant to Health & Safety Code Section 34179.5. DOF determined, among other things, that certain transfers from the Former Agency to the City were not made pursuant to an enforceable obligation as defined in the Dissolution Law and ordered the Agency to pay \$11,578,351 of the transferred funds to the County Auditor-Controller for distribution to the affected taxing entities pursuant to the Dissolution Act. On May 1, 2013, the Agency and the City filed a Petition for Writ of Mandate and Complaint for Declaratory and Injunctive Relief, in an action entitled *Successor Agency to the Former West Covina Community Development Commission et al. v. Matosantos et al.*, Sacramento Superior Court, Case No. 34-2013-80001479 (the “Action”). The Action named DOF, Michael Cohen, in his official capacity as Director of California Department of Finance (“Cohen”), the State of California, Betty T. Yee, in her official capacity as California State Controller, the Los Angeles County Auditor-Controller and the West Covina Oversight Board as defendants and respondents. The Action: (1) challenged Finance’s OFA DDR determination that transfers totaling \$11,578,351 from the Former Agency to the City were not made pursuant to an enforceable obligation as defined in the Dissolution Act (the “DDR Determination”); (2) sought to compel DOF to recognize two agreements between the Former Agency and the City as enforceable obligations qualifying for payment from the Redevelopment Property Tax Trust Fund on the Successor Agency’s Recognized Obligations Payment Schedule (the “ROPS Claim”); and (3) sought to enjoin the State parties from imposing sales and use tax “offsets” against Petitioners pursuant to Health & Safety Code Section 34179.6 (the “Penalty Claim”). The Los Angeles County Auditor-Controller and West Covina Oversight Board were subsequently dismissed from the action.

The trial court ruled against the City and the Agency with respect to the DDR Determination and the ROPS Claim, and in favor of Petitioners with respect to the Penalty Claim, and a notice of entry of judgment was filed on April 28, 2014. The City and the Agency filed a notice of appeal regarding the DDR Determination and the ROPS Claim on May 7, 2014 and the State parties filed a notice of cross-appeal regarding the Penalty Claim on June 25, 2014 (collectively, the “Appeal”).

In December 2015, the Agency, the City and the State parties entered into a Settlement Agreement (the “Settlement Agreement”) whereby the Agency, the City and the State agreed to resolve the dispute and dismissed the Appeal. Under the terms of the Settlement Agreement, the City and the Agency agreed to remit

a total of \$11,578,351 to the Los Angeles County Auditor-Controller for allocation to affected taxing entities in biannual payments of \$289,459 on each January 15 and June 15, commencing January 15, 2016 and ending on June 15, 2035. The City made the required remittances on January 15, 2016 and June 15, 2016. Although the Agency along with the City is contractually obligated to make payments under the Settlement Agreement, the Agency believes that all such amounts will be remitted solely by the City and that the Agency will not be required to make any payments. The obligations of the City and the Agency to make payments pursuant to the Settlement Agreement are not secured by a pledge or lien on the tax increment revenues.

Financial Statements

A copy of the Agency's audited financial statements are included as a component in the City's audited financial statements and independent auditor's report as of and for the fiscal year ended June 30, 2015 which was prepared by the certified public accounting firm of White Nelson Diehl Evans LLP, and is attached hereto as Appendix C. The Agency has not requested, and the auditor has not provided, any update or review of such audited financial statements in connection with the inclusion thereof in Appendix C to this Official Statement.

Continuing Disclosure

The Agency has covenanted to provide certain financial information and operating data by not later than the first day of the month following the eighth month after the end of the Agency's fiscal year (presently June 30), which is March 1, in each year commencing with its report for fiscal year 2016-17 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events as described in the forepart of this Official Statement under the caption "CONTINUING DISCLOSURE." The Annual Report is required to include audited financial statements only if audited financial statements are prepared by the Agency; the Agency has not undertaken any obligation to provide unaudited financial statements in lieu of audited financial statements.

[Discuss Five Year Continuing Disclosure Compliance]

THE REFUNDING PLAN

Net proceeds of the Refunding Bonds will be used to refund the following obligations of the Agency, referred to collectively in this Appendix as the "Refunded Obligations":

1. \$12,200,000 Redevelopment Agency of the City of West Covina Tax Allocation Revenue Refunding Bonds, Series 2002
2. \$11,275,000 Redevelopment Agency of the City of West Covina Housing Set-Aside Tax Allocation Revenue Bonds, Series 2001
3. The Loan Agreement entered into by the Agency in connection with the \$3,945,000 West Covina Public Financing Authority Taxable Variable Rate Demand Tax Allocation Bonds, Series 1999 (Redevelopment Agency of the City of West Covina-West Covina Redevelopment Project-Subordinate Lien)
4. \$4,945,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Series A
5. \$1,200,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Taxable Series B

The Agency is issuing the Refunding Bonds to provide moneys (together with other available funds of the Agency) necessary to refund the Refunded Obligations in whole. On the date of issuance of the Refunding

Bonds, a portion of the proceeds will be transferred, pursuant to separate escrow agreements (each an “Escrow Agreement”), to each respective prior trustee (each, a “Prior Trustee”) for each series of Refunded Obligations.

The Agency will apply moneys currently on deposit under the indentures in connection with the Refunded Obligations to the corresponding Redemption Accounts. Proceeds deposited into the Redemption Accounts will be held uninvested, or invested in certain Federal Securities, by the Prior Trustees pursuant to the Escrow Agreements and applied at redemption to redeem or prepay and defease each of the Refunded Obligations, as applicable.

See “VERIFICATION OF MATHEMATICAL ACCURACY” in the forepart of this Official Statement. Upon deposit of such proceeds and other moneys into the Escrow Funds, the Refunded Obligations will no longer be deemed outstanding. To the extent applicable, the prepayment and defeasance of the Refunded Obligations will cause the refunding and defeasance of the associated obligations of the West Covina Public Financing Authority secured by such Refunded Obligations, noted in the list set forth above.

The amounts held by the Prior Trustees for the respective Refunded Obligations pursuant to the Escrow Agreements are pledged solely to the payment of amounts due and payable by the Agency under the respective Refunded Obligations. The funds irrevocably deposited with the Prior Trustees under the Escrow Agreements for the Refunded Obligations will not be available for the payment of debt service on the Refunding Bonds or the Series 2017 Bonds.

THE REFUNDING BONDS

Authority for Issuance

The Refunding Bonds were authorized for issuance pursuant to the Agency Indenture and the Dissolution Act. The issuance of the Refunding Bonds and the execution and delivery of the Agency Indenture were authorized by the Agency pursuant to Resolution No. _____ adopted on _____ (the “Resolution”), and by the Oversight Board to the Successor Agency to the West Covina Redevelopment Agency (the “Oversight Board”) pursuant to Resolution No. _____ adopted on _____ (the “Oversight Board Action”).

Written notice of the Oversight Board Action was provided to the DOF pursuant to the Dissolution Act. On _____, which is within the time period allotted under the Dissolution Act for the DOF to review the Oversight Board’s approving resolution, the DOF provided a letter to the Agency stating that based on the DOF’s review and application of the Law, the Oversight Board Action approving the Refunding Bonds is approved by the DOF.

Description of the Refunding Bonds

The Series A Bonds will be designated the “Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Tax Exempt)” and issued in the aggregate principal amount of \$_____*. The Series B Bonds will be designated the “Successor Agency to the West Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017B (Federally Taxable) and issued in the aggregate principal amount of \$_____*.

The Refunding Bonds will be issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof (not exceeding the principal amount of such Refunding Bonds maturing at any one time). The Refunding Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date, in which event they will bear interest from such Interest Payment Date, or unless otherwise provided for under the Agency Indenture.

* Preliminary, subject to change.

As defined in the Agency Indenture, the term “Interest Payment Date” will mean any March 1 or September 1 on which interest on the Refunding Bonds is scheduled to be paid, commencing _____. Principal on the Refunding Bonds will be due on September 1, as shown below.

The Refunding Bonds will mature on the dates and in the principal amounts, and will bear interest at the rates, per annum, set forth in the table below.

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$	%

Optional Redemption of Series A Bonds. The Series A Bonds maturing prior to September 1, 20__ will not be subject to optional redemption. The Series A Bonds maturing on or after September 1, 20__ will be subject to optional redemption on any date on and after September 1, 20__, in integral multiples of \$5,000, from any source of available funds, at the times, at the redemption prices and in the manner provided in the Agency Indenture, at the direction of the Agency, so as to cause such Callable Authority Bonds (as defined in the Agency Indenture) as are specified by the Agency to be mandatorily redeemed pursuant to the Trust Agreement from the Prepayment resulting from the optional redemption of such Series A Bonds.

In order to effect such optional redemption of Series A Bonds, the Agency shall deliver to the Agency Trustee: (1) a Written Request of the Agency specifying: (A) the maturity or maturities, and the principal amount or amounts (or portion thereof), of the Callable Authority Bonds to be mandatorily redeemed from the redemption proceeds of such Series A Bonds; (B) the date on which such Callable Authority Bonds are to be mandatorily redeemed (which redemption date shall be a date on which such Callable Authority Bonds are subject to mandatory redemption pursuant to the Trust Agreement); (C) the amount of each mandatory sinking fund installment for the Authority Bonds to be Outstanding after the date of such mandatory redemption; and (D) the amount of the redemption (or redemption price) of Series A Bonds necessary to cause such mandatory redemption of such Callable Authority Bonds; and (2) a Cash Flow Certificate of an Independent Financial Consultant: (A) demonstrating that, if moneys are allocated and applied to the redemption of Series A Bonds as provided in the Agency Indenture, the debt service on the Series A Bonds, together with the debt service payable on all other Local Obligations (as such term is defined in the Trust Agreement), payable on each Interest Payment Date after such redemption date will be sufficient, but not materially more than sufficient, to pay debt service on the Authority Bonds to be Outstanding on such Interest Payment Date; (B) specifying the principal amount, as of such redemption date, of the Series A Bonds, or portion thereof, to the optional redemption of which moneys are to be allocated and applied as provided in the Agency Indenture; (C) specifying the amount of the redemption premium, if any, to be paid in connection with such optional

redemption of such Series A Bonds, or portion thereof; and (D) specifying the principal amount, and the amount of each mandatory sinking fund installment, as of such redemption date, of each Series A Bond that will remain Outstanding after the redemption of Series A Bonds on such redemption date as provided in the Agency Indenture, which Written Request of the Agency and Cash Flow Certificate of such Independent Financial Consultant shall be delivered to the Agency Trustee no later than the Business Day prior to the redemption date.

No later than the date specified in a Written Request of the Agency delivered pursuant to the Agency Indenture as the date on which Callable Authority Bonds are to be mandatorily redeemed pursuant to the Trust Agreement, the Agency shall deliver to the Agency Trustee an amount equal to the amount specified in such Written Request of the Agency and, on such redemption date, the Agency Trustee shall pay such amount to the Authority Trustee, on behalf of the owners of such Callable Authority Bonds. Upon the payment by the Agency Trustee to the Authority Trustee of such amount: (1) the Series A Bonds, or portion thereof, debt service on which would have, after such redemption date, been applied to the payment of debt service on such Callable Authority Bonds shall, as of such redemption date, be deemed to have been optionally redeemed pursuant to the Agency Indenture in an amount equal to the principal amount of such Series A Bonds, or portion thereof, as of such redemption date; and (2) the remainder of: (A) such moneys; less (B) accrued interest, if any, thereon and such principal amount of such Series A Bonds, or portion thereof, as of such redemption date, shall be deemed to be, and for all purposes hereof shall be considered to be, the redemption premium paid in connection with such optional redemption of such Series A Bonds, or portion thereof.

Optional Redemption of Series B Bonds. The Series B Bonds maturing prior to September 1, 20___ will not be subject to optional redemption. The Series B Bonds maturing on or after September 1, 20___ will be subject to optional redemption on any date on and after September 1, 20___, in integral multiples of \$5,000, from any source of available funds, at the times, at the redemption prices and in the manner provided in the Agency Indenture, at the direction of the Agency, so as to cause such Callable Authority Bonds as are specified by the Agency to be mandatorily redeemed pursuant to the Trust Agreement from the Prepayment resulting from the optional redemption of such Series B Bonds.

In order to effect the optional redemption of Series B Bonds as described above, the Agency shall deliver to the Agency Trustee: (1) a Written Request of the Agency specifying: (A) the maturity or maturities, and the principal amount or amounts (or portion thereof), of the Callable Authority Bonds to be redeemed from the redemption proceeds of such Series B Bonds; (B) the date on which such Callable Authority Bonds are to be redeemed (which redemption date shall be a date on which such Callable Authority Bonds are subject to redemption pursuant to the Trust Agreement); (C) the amount of each mandatory sinking fund installment for the Authority Bonds to be Outstanding after the date of such redemption; and (D) the amount of the redemption (or redemption price) of Series B Bonds necessary to cause such redemption of such Callable Authority Bonds; and (2) a Cash Flow Certificate of an Independent Financial Consultant: (A) demonstrating that, if moneys are allocated and applied to the redemption of Series B Bonds as provided in the Agency Indenture, the debt service on the Series B Bonds, together with the debt service payable on all other Local Obligations (as such term is defined in the Trust Agreement), payable on each Interest Payment Date after such redemption date will be sufficient, but not materially more than sufficient, to pay debt service on the Authority Bonds to be Outstanding on such Interest Payment Date; (B) specifying the principal amount, as of such redemption date, of the Series B Bonds, or portion thereof, to the optional redemption of which moneys are to be allocated and applied as provided in the Agency Indenture; (C) specifying the amount of the redemption premium, if any, to be paid in connection with such optional redemption of such Series B Bonds, or portion thereof; and (D) specifying the principal amount, and the amount of each mandatory sinking fund installment, as of such redemption date, of each Series B Bond that will remain Outstanding after the redemption of Series B Bonds on such redemption date as provided in the Agency Indenture, which Written Request of the Agency and Cash Flow Certificate of such Independent Financial Consultant shall be delivered to the Agency Trustee no later than the Business Day prior to the redemption date.

No later than the date specified in a Written Request of the Agency delivered pursuant to the Agency Indenture as the date on which Callable Authority Bonds are to be redeemed pursuant to the Trust Agreement, as applicable, the Agency shall deliver to the Agency Trustee an amount equal to the amount specified in such Written Request of the Agency and, on such redemption date, the Agency Trustee shall pay such amount to the Authority Trustee, on behalf of the owners of such Callable Authority Bonds. Upon the payment by the Agency Trustee to the Authority Trustee of such amount: (1) the Series B Bonds, or portion thereof, debt service on which would have, after such redemption date, been applied to the payment of debt service on such Callable Authority Bonds shall, as of such redemption date, be deemed to have been optionally redeemed pursuant to the Agency Indenture in an amount equal to the principal amount of such Series B Bonds, or portion thereof, as of such redemption date; and (2) the remainder of: (A) such moneys; less (B) accrued interest, if any, thereon and such principal amount of such Series B Bonds, or portion thereof, as of such redemption date, shall be deemed to be, and for all purposes hereof shall be considered to be, the redemption premium paid in connection with such optional redemption of such Series B Bonds, or portion thereof.

Mandatory Redemption of Refunding Bonds from Sinking Fund Installments. The [Series A/Series B] Bonds maturing on September 1, 20__ are subject to mandatory redemption in part by lot on September 1 in each year commencing September 1, 20__ at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Term [Series A/Series B] Bonds Maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	Principal Amount To be Redeemed
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*

* Final Maturity

In the event that a Refunding Bond subject to mandatory redemption is redeemed in part prior to its stated maturity date from any moneys other than Principal Installments, the remaining Principal Installments for such Refunding Bond will be reduced as directed in a Written Request of the Agency, consistent with the related Cash Flow Certificate.

Selection of Bonds for Redemption and Payment of Redeemed Bonds

Whenever less than all the Outstanding Refunding Bonds of any Series maturing on any one date are called for redemption at any one time, the Agency Trustee will select the Refunding Bonds of such Series to be redeemed from the Outstanding Bonds of such Series maturing on such date not previously selected for redemption, by lot in any manner which the Agency Trustee deems fair.

If any Refunding Bond or any portion thereof has been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, has been made or provided for by the Agency, then interest on such Refunding Bond or such portion will cease to accrue from such date, and from and after such date such Refunding Bond or such portion will no longer be entitled to any lien, benefit or security under the Agency Indenture, and the Owner thereof will have no rights in respect of such Refunding Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

Purchase in Lieu of Redemption

In lieu of redemption of any Bond pursuant to the Agency Indenture, amounts on deposit in the Term Refunding Bonds Sinking Account may also be used and withdrawn by the Agency Trustee at any time prior to selection of Refunding Bonds for redemption having taken place with respect to such amounts, upon a Written Request of the Agency, for the purchase of such Term Refunding Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Agency may in its discretion determine, but not in excess of par plus accrued interest. Any accrued interest payable upon the purchase of Refunding Bonds will be paid from amounts held in the Tax Increment Fund for the payment of interest on the next following Interest Payment Date. Any Term Refunding Bonds so purchased will be cancelled by the Agency Trustee forthwith and will not be reissued. The principal of any Term Refunding Bonds so purchased by the Agency Trustee in any twelve-month period ending 60 days prior to any Sinking Account Payment Date in any year will be credited towards and will reduce the principal of such Term Refunding Bonds required to be redeemed on such Sinking Account Payment Date in such year.

Debt Service Schedule

The following table sets forth the amount of debt service with respect to the Refunding Bonds for each Bond Year:

<u>Year Ended (September 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$

Total	<u>\$</u>	<u>\$</u>	<u>\$</u>
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SECURITY FOR THE REFUNDING BONDS

General

Subject only to the provisions of the Agency Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Agency Indenture, all of the Tax Revenues and all

amounts on deposit from time to time in the funds and accounts established under the Agency Indenture (other than the Expense Account) will be pledged to the payment of the principal of and interest on the outstanding Refunding Bonds and any future bonds issued by the Agency on a parity with the Refunding Bonds (“Additional Bonds, and together with the Refunding Bonds, the “Bonds”) as provided under the Agency Indenture. The Agency will irrevocably grant to the Agency Trustee for the benefit of the Owners of the Outstanding Bonds a first charge and lien on, and a security interest in, and will pledge and assign, the Tax Revenues, whether held by the Agency, the County Auditor-Controller, the County Treasurer and Tax Collector or the Agency Trustee, and all amounts in the funds and accounts established under the Agency Indenture (other than the Expense Account), including the “West Covina Tax Increment Fund” (hereinafter called the “Tax Increment Fund”), which will be created by the Agency. The Agency will covenant and agree to maintain the Tax Increment Fund with the Agency Trustee so long as any Bonds will be Outstanding under the Agency Indenture.

Pursuant to the laws of the State of California, including California Health and Safety Code Sections 34183 and 34170.5(b), the County Auditor-Controller is obligated to deposit the Tax Revenues into the RPTTF. The Agency has agreed under the Agency Indenture to take all steps to ensure that the County Auditor-Controller (1) deposits the Tax Revenues into the RPTTF, and (2) allocates funds for the principal and interest payments due on Outstanding Bonds and any deficiency in the Reserve Account and the reserve accounts under the indentures for any Additional Bonds and makes the necessary transfers to the Agency Trustee under the Agency Indenture, pursuant to each valid ROPS in accordance with the Dissolution Act and as provided in the Agency Indenture.

The Agency will take all actions required under the Dissolution Act to include on its ROPS for the applicable one year period (or other period required by the Law or final unappealable judicial decision) sufficient Tax Revenues to be transmitted (1) to the Agency Trustee: (A) to satisfy the requirements of the Agency Indenture; (B) to pay principal and interest payments due on the Outstanding Bonds; (C) to pay any Compliance Costs; (D) to pay any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement; and (E) to pay any deficiency in the reserve accounts held in connection with any Additional Bonds and (2) to the Agency to make payments under the Prior Agreement. The Agency shall submit an Oversight Board-approved ROPS to the County Auditor-Controller and the DOF (with a copy to the Authority) on or before each February 1 (or otherwise submit such schedules annually in accordance with the Law). The Agency shall submit each ROPS to the DOF in the manner provided for by the DOF.

Expected Compliance Costs, if any, will be included in each ROPS on the basis of information compiled by the Agency and the Authority and provided to the Agency on or before the fifth Business Day in August in each year. On or before the fifth Business Day of August in each year, the Agency Trustee will report to the Agency and the Authority its expected Compliance Costs for the next succeeding calendar year to be included on the Agency’s ROPS.

The Tax Revenues due to the Agency Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on each January 2 shall equal 100% of the deposits required pursuant to the Agency Indenture for such calendar year, and shall include all amounts required to pay the entire Annual Debt Service for such calendar year due on the Outstanding Bonds, plus the amount of any deficiency in the Reserve Account, less the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission of the ROPS that are available to be applied to Annual Debt Service on the Outstanding Bonds in such calendar year.

The Tax Revenues due to the Agency Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on each June 1 shall equal any amounts that were not received on January 2 of such calendar year but are required to pay Annual Debt Service for such calendar year due on the Outstanding Bonds, plus the amount of any deficiency in the Reserve Account, less the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission of the ROPS pursuant to this section that are available to be applied to Annual Debt Service on the Outstanding Bonds in such calendar year.

Tax Revenues received by the Agency during the period commencing on January 3 of each calendar year and ending January 1 of the following calendar year that are in excess of the amount required to be deposited in the Tax Increment Fund on January 2 of the then-current calendar year shall, immediately following the deposit with the Agency Trustee of the amounts required to be so deposited as provided in this section on each such January 2, be released from the pledge, security interest and lien hereunder for the security of the Outstanding Bonds, and may be applied by the Agency for any lawful purpose of the Agency, including but not limited to the payment of subordinate debt, or the payment of any amounts due and owing to the United States of America pursuant to the Agency Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Agency Indenture and in any Supplemental Indenture.

The Agency covenants and agrees that, subject to the prior application and lien in favor of the Prior Agreement, or the prior application in accordance with any applicable Pass-Through Obligations, all Tax Revenues, when and as received in accordance with the Agency Indenture, will be received by the Agency in trust hereunder and shall be deemed to be held by the Agency as agent for the Agency Trustee. Not later than five (5) Business Days following the receipt of any Tax Revenues by the Agency, the Agency shall deposit such moneys in the Tax Increment Fund and such moneys will be accounted for through and held in trust in the Tax Increment Fund. The Agency shall have no beneficial right or interest in any of such moneys, except only as provided in the Agency Indenture; provided that the Agency shall not be obligated to deposit in the Tax Increment Fund in any calendar year an amount which exceeds the amounts required to be transferred to the Agency Trustee for deposit into the Tax Increment Fund pursuant to the Agency Indenture. All such Tax Revenues, whether received by the Agency in trust or deposited with the Agency Trustee, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency.

In order to assure that funds required to be deposited with the Agency Trustee pursuant to this section are so deposited in a timely fashion, and to further secure the Bonds, pursuant to the Agency Indenture the Agency irrevocably authorizes and directs the County Treasurer and Tax Collector and the County Auditor-Controller to transfer any Agency funds then held in, or later received by the County Treasurer and Tax Collector and the County Auditor-Controller for deposit in, the Redevelopment Property Tax Trust Fund, to the Agency Trustee for deposit into the Tax Increment Fund in the amounts provided for in the Agency Indenture.

Prior to enactment of the Dissolution Act, the Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Agency entered into several agreements for this purpose (the "Pass-Through Agreements"). Additionally, Sections 33607.5 and 33607.7 of the Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the "Statutory Pass-Through Amounts"). Further, certain taxing agencies receive payments from the RPTTF generated from the Project Areas pursuant to Section 33676 of the Law (the "33676 Amounts"). The Dissolution Act provides for a procedure by which the Agency may make Statutory Pass-Through Amounts subordinate to the Refunding Bonds; however, the Agency does not intend to undertake such procedure. Thus, such Statutory Pass-Through Amounts and 33676 Amounts are senior to the Refunding Bonds. The Agency's obligations under the Pass-Through Agreements are also senior to the Refunding Bonds. See Tables A-6 and A-7 and Appendix B for projections which reflect the senior lien of the Pass-Through Agreements. See also "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS—Recognized Obligation Payment Schedule" in the forepart of this Official Statement and "SECURITY FOR THE REFUNDING BONDS—Pass-Through Agreements," "—Statutory Pass-Through Amounts" and "—Section 33676 Election" in this Appendix A for additional information.

Reserve Account

There will be established pursuant to the Agency Indenture a separate reserve account known as the “Reserve Account” to be held in trust by the Agency Trustee with respect to the Refunding Bonds. The Agency is required to maintain moneys in the Reserve Account in an amount equal to the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service on the Bonds, and (c) 125% of Average Annual Debt Service on the Bonds (the “Reserve Account Requirement”). Under the Agency Indenture, “Annual Debt Service” means for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds and any Additional Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions); and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year). Under the Agency Indenture, “Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year, including the Bond Year in which the calculation is made. Under the Agency Indenture, “Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

Upon issuance of the Refunding Bonds, the Agency will cause the Reserve Policy to be deposited in the Reserve Account in an amount equal to the Reserve Account Requirement.

Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund

Subject to the prior application and lien in favor of the Prior Agreement, or the prior application in accordance with any applicable Pass-Through Obligations, all Tax Revenues in the Tax Increment Fund will be set aside by the Agency Trustee in each Bond Year when and as received in the following respective special accounts within the Tax Increment Fund (each of which will be created and each of which the Agency will covenant to cause to be maintained with the Agency Trustee so long as the Bonds will be Outstanding under the Agency Indenture), in the following order of priority (except as otherwise provided in the Agency Indenture):

- (1) Interest Account;
- (2) Principal Account;
- (3) Term Bonds Sinking Account;
- (4) Reserve Account; and
- (5) Expense Account.

All moneys in each of such accounts will be held in trust by the Agency Trustee and will be applied, used and withdrawn only for the purposes authorized thereto in the Agency Indenture.

Interest Account. The Agency Trustee will set aside from the Tax Increment Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account will be used and withdrawn by the Agency Trustee solely for the purpose of paying the interest on the Bonds as it will become due and payable (including accrued interest on any Refunding Bonds purchased or redeemed prior to maturity).

Principal Account. The Agency Trustee will set aside from the Tax Increment Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds (defined in the Agency Indenture) on the Principal Payment Date in such Bond Year. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of principal of all

Outstanding Serial Bonds becoming due and payable on the Principal Payment Date in such Bond Year. All money in the Principal Account will be used and withdrawn by the Agency Trustee solely for the purpose of paying principal of the Serial Bonds as they will become due and payable.

In the event that there will be insufficient money in the Tax Increment Fund to pay in full all such principal and Sinking Account Installments due in such Bond Year, then the money available in the Tax Increment Fund will be applied pro rata to the payment of such principal and Sinking Account Installments in the proportion which all such principal and Sinking Account Installments bear to each other.

Term Bonds Sinking Account. The Agency Trustee will deposit in the Term Bonds Sinking Account an amount of money which, together with any money contained therein, is equal to the Sinking Account Installments payable on the Sinking Account Payment Date in such Bond Year. No deposit need be made in the Term Bonds Sinking Account if the amount contained therein is at least equal to the aggregate amount of all Sinking Account Installments required to be made on the Sinking Account Payment Date in such Bond Year. All moneys in the Term Bonds Sinking Account will be used and withdrawn by the Agency Trustee solely for the purpose of purchasing or redeeming the Term Bonds in accordance with the Agency Indenture.

Reserve Account. The Agency Trustee will set aside from the Tax Increment Fund and deposit in the Reserve Account such amount as may be necessary to maintain on deposit therein an amount equal to the Reserve Account Requirement. No deposit need be made into the Reserve Account so long as there will be on deposit therein an amount equal to the Reserve Account Requirement. All money in or credited to the Reserve Account will be used and withdrawn by the Agency Trustee solely for the purpose of replenishing the Interest Account, the Principal Account or the Term Bonds Sinking Account in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date, Principal Payment Date or Sinking Account Payment Date, or for the purpose of paying the interest on or the principal of the Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding, except that for so long as the Agency is not in default under the Agency Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement will be transferred to the Tax Increment Fund. On any date on which Bonds are defeased in accordance with the Agency Indenture, the Agency Trustee will, if so directed in a Written Request of the Agency, transfer any moneys in the Reserve Account in excess of the Reserve Account Requirement resulting from such defeasance to the entity or fund so specified in such Written Request of the Agency, to be applied to such defeasance. If at any time the Agency Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds and any Additional Bonds or withdraws funds from the Reserve Account to pay principal and interest on the Bonds, the Agency Trustee will notify the Authority and the Agency in writing of such failure or withdrawal, as applicable.

Amounts drawn under the Reserve Policy will be available only for the payment of scheduled principal and interest on the Refunding Bonds, when due.

The Agency Trustee will ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of the Agency Indenture and to provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal, respectively, is due on the Refunding Bonds. Where deposits are required to be made by the Agency with the Agency Trustee to the debt service fund for the Refunding Bonds, more often than semi-annually, the Agency Trustee will be instructed to give notice to the Insurer of any failure of the Agency to make timely payment in full of such deposits within two Business Days of the date due.

Expense Account. The Agency Trustee will set aside from the Tax Increment Fund and deposit in the Expense Account such amount as may be necessary to pay Compliance Costs from time to time. All moneys in the Expense Account will be applied to the payment of Compliance Costs, upon presentation of a Written Request of the Agency setting forth the amounts, purposes, the names of the payees and a statement that the amounts to be paid are proper charges against the Expense Account. So long as any of the Bonds authorized

under the Agency Indenture, or any interest thereon, remain unpaid, the moneys in the Expense Account will be used for no purpose other than those required or permitted by the Agency Indenture and the Law.

Parity Debt Limited to Refunding Bonds

The Agency may, at any time after the issuance and delivery of the Refunding Bonds, issue Additional Bonds payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds, subject to the terms of the Agency Indenture. The Agency Indenture provides that any Additional Bonds payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Refunding Bonds may only be issued for purposes of refunding bonds or other indebtedness of the Agency or the Former Agency (including, without limitation, refunding Bonds outstanding under the Agency Indenture) in accordance with the Law. The Agency Indenture permits the prepayment of the Prior Agreement on a basis senior to or on a parity with the Refunding Bonds to the extent such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act.

Nothing contained in the Agency Indenture will limit the issuance of any tax increment bonds or other obligations of the Agency secured by a lien and charge on Tax Revenues junior to that of the Refunding Bonds.

Investment of Moneys in Funds and Accounts

Moneys in the Tax Increment Fund and the Interest Account, the Principal Account, the Term Bonds Sinking Account and the Expense Account thereunder, upon the Written Request of the Authority (for so long as the Authority Trustee will be owner of Bonds) on behalf of the Agency, will be invested by the Agency Trustee in Permitted Investments. Moneys in the Interest Account representing accrued interest paid to the Agency upon the initial sale and delivery of any Bonds and in the Reserve Account, upon the Written Request of the Authority, will be invested by the Agency Trustee in Permitted Investments. Permitted Investments purchased with amounts on deposit in the Reserve Account will have an average aggregate weighted term to maturity of not greater than five (5) years; provided, however, that if such investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Account may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. The obligations in which moneys in the Tax Increment Fund and the Interest Account, the Principal Account, the Term Bonds Sinking Account and the Expense Account thereunder are so invested will mature prior to the date on which such moneys are estimated to be required to be paid out under the Agency Indenture. Any interest, income or profits from the deposits or investments of all other funds and accounts held by the Agency Trustee (other than the Expense Account) will be deposited in the Tax Increment Fund. For purposes of determining the amount on deposit in any fund or account held by the Agency Trustee under the Agency Indenture, all Permitted Investments credited to such fund or account will be valued at the lower of cost or the market price thereof (excluding accrued interest and brokerage commissions, if any); provided that Permitted Investments credited to the Reserve Account will be valued at market value (exclusive of accrued interest and brokerage commissions, if any), and any deficiency in the Reserve Account resulting from a decline in market value will be restored to the Reserve Account Requirement no later than the next Bond Year. Amounts in the funds and accounts held by the Agency Trustee under the Agency Indenture will be valued at least annually on the first day of August, after the principal payment has been made.

Covenants of the Agency With Respect To Tax Revenues

In accordance with the Agency Indenture, the Agency will comply with all requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Agency covenants and agrees to file all required statements and seek all necessary successor agency or an oversight board approvals required under the Dissolution Act in order to assure compliance by the Agency with its covenants under the Agency Indenture. Furthermore, the Agency will take all actions required under the Dissolution Act to file its ROPS in a timely

manner and to include on each ROPS for each twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision): (a) all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the Agency Indenture; (b) any amounts required to pay principal and interest payments due under the Pass-Through Obligations and the Prior Agreement; (c) a request to receive on each January 2 the Annual Debt Service for the Outstanding Bonds for the entire calendar year to which the ROPS applies; (d) any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement; (e) any deficiency in the reserve account under the Prior Agreement; (f) any Compliance Costs; and (g) any required debt service, reserve set-asides, and any other payments required under the Agency Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the California Health and Safety Code, so as to enable the County Auditor-Controller to distribute from the RPTTF to the Agency Trustee for deposit in the Tax Increment Fund on each January 2 amounts that are sufficient to pay the Annual Debt Service on the Outstanding Bonds coming due in the respective twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision). These actions will include, without limitation, placing on the periodic ROPS 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 twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision), as contemplated by Section 34171(d)(1)(A) of the Dissolution Act, which amounts are necessary to provide for the payment of principal of, premium, if any, and the interest under the Agency Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Agency Indenture for the next payment due in the following twelve-month period (or other period if then applicable under the Dissolution Law or a final unappealable judicial decision).

For additional covenants of the Agency with respect to the Refunding Bonds, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS—Covenants of the Agency Participant” in the forepart of this Official Statement.

Limited Obligations

The Agency will not be required to advance any money derived from any source of income other than the Tax Revenues for the payment of the principal of, and the interest on the Bonds. The Bonds are special obligations of the Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues, and the Agency is not obligated to pay them except from the Tax Revenues. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues, and the Tax Revenues constitute a trust fund for the security and payment of the principal of, and the interest on the Bonds, to the extent set forth in the Agency Indenture. The Bonds are not a debt of the City, the County, the State of California or any other political subdivision of the State, and neither said City, said State, said County nor any of the State’s other political subdivisions is liable therefor, nor in any event will the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Agency Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Tax Revenues

Under State law, the rate of *ad valorem* property taxes which may be levied with respect to property within a project area is generally limited to 1% of the “full cash” assessed value. In this Appendix A such taxes are referred to as the “general levy” and are allocated to the State, the County, the City and all other taxing entities having jurisdiction over all or a portion of the Project Areas. The assessed values of property within the Project Areas, as last equalized prior to adoption of the Redevelopment Plan, become the “base year” assessed values.

As discussed above, the Agency has no power to levy and collect taxes, and any provision of law limiting property taxes or allocating additional sources of income to taxing agencies and having the effect of

reducing the property tax rate must necessarily reduce the amount of gross tax increment revenues and, accordingly, Tax Revenues that would otherwise be available to pay debt service on the Refunding Bonds. Likewise, broadened property tax exemptions could have a similar effect. Additionally, gross tax increment revenues and, accordingly, Tax Revenues will be reduced each year by a collection fee charged by the County. See “RISK FACTORS” and “LIMITATIONS ON TAX REVENUES” in the forepart of this Official Statement.

Conversely, any increase in the present tax rate or assessed valuation, or any reduction or elimination of present property tax exemptions, would increase the Tax Revenues available to pay debt service on the Refunding Bonds. See “LIMITATIONS ON TAX REVENUES” in the forepart of this Official Statement for discussion of the Constitutional constraints of increasing tax rates and assessed valuation.

As described below under “—Pass-Through Agreements,” “—Statutory Pass-Through Amounts” and “—Section 33676 Election,” the Agency pays a portion of the former tax increment revenues to other Taxing Agencies under Pass-Through Agreements and as Statutory Pass-Through Amounts and 33676 Amounts. See also “RISK FACTORS” in the forepart of this Official Statement.

Prior Agreement

The Former Agency entered into an agreement entitled “Owner Participation Agreement by and between the Redevelopment Agency of the City of West Covina and Sylvan S. Shulman Co./West Covina Associates, A Delaware limited partnership” dated as of June 26, 1989 (the “Shulman Original OPA”). Under the terms of the Shulman Original OPA, it was agreed between the Former Agency and Sylvan S. Shulman Co./West Covina Associates, A Delaware limited partnership (“Original Developer”) that the Former Agency would utilize best efforts to make available tax-exempt public financing to fund certain costs associated with the shopping center project proposed under the Shulman Original OPA, including land acquisition costs, relocation costs, demolition costs, attorneys’ fees and certain costs for the provision of public improvements. The Shulman Original OPA provided that the Former Agency would contribute that site-specific tax increment from the development as then proposed to be undertaken by the Original Developer (the “Developer Project”), but excluding certain property tax revenues associated with the computation of inflationary increases under Article XIII A of the California Constitution (see discussion in the front part of this Official Statement under the heading “LIMITATIONS ON TAX REVENUES—Property Tax and Spending Limitation—*Article XIII A of the California Constitution*”) and further less property tax revenues associated with changes of ownership (which revenues are herein referred to as the “Excluded Revenues”).

The Shulman Original OPA was amended four times (as amended, the “Prior Agreement”). Under an instrument entitled “Second Amendment to Owner Participation Agreement” dated as of May 27, 1992 (the “Second Amendment”) and entered into among the Former Agency, the Original Developer and Centermark Properties of West Covina, Inc., a Delaware corporation (“Centermark”, and together with the Original Developer, the “Developer”), the Shulman Original OPA was amended and restated to amplify certain base values as to various portions of the site of the Developer Project thereby clarifying somewhat the calculation of those revenues which would be included within the pledge of certain site-specific tax increment revenues for the benefit of Developer as originally set forth under the Shulman Original OPA.

Based upon the language of the Prior Agreement, investors should assume that site-specific revenues associated with the Developer Project excepting for the Excluded Revenues, as more particularly described in the Fiscal Consultant’s Report, will remain pledged under the Prior Agreement during the entirety of the period that the Refunding Bonds remain outstanding and will thus not be available to pay debt service on the Refunding Bonds, but that the Excluded Revenues will be available to pay debt service on the Refunding Bonds.

Pass-Through Agreements

Prior to 1994, under the Law, a redevelopment agency could enter into an agreement to pay former tax increment revenues to any affected taxing agency that has territory located within a redevelopment project in an amount which in the redevelopment agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These Pass-Through Agreements normally provided for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements.

The Former Agency entered into 10 Pass-Through Agreements with certain taxing agencies with respect to some or all of the Project Areas. These Pass-Through Agreements are briefly summarized below and all are senior to the payment of debt service on the Refunding Bonds. Additionally, Pass Through Agreements which are senior in one Project Area are treated as senior to the Refunding Bonds due to the pledge of RPTTF revenues granted to the Refunding Bonds under the Agency Indenture and to reflect the cash flow provisions set forth in Health and Safety Code Section 34183(a)(1).

1. County Tax Sharing Agreement. Under a tax sharing agreement with the County of Los Angeles dated February 11, 1985, the Agency pays to the County for the benefit of the County and other taxing agencies that amount of the tax increment generated from the Central Business District Amendment 2 Area associated with the compounded annual inflationary growth pursuant to Proposition 13 in assessed value on the local secured, unsecured, and public utility tax rolls over the base year amount to the extent such growth is actually levied each year. The Agency will reimburse the County Library District and the County Flood Control District for any additional cost incurred that exceeds the allocable portion associated with the inflationary growth on base year value. The amount reimbursed to the County Library District and the County Flood Control District may not exceed the amount the County Library District and the County Flood Control District would have received if the Central Business District Amendment 2 Area did not exist.

2. County of Los Angeles General Fund, Los Angeles County Flood Control District and the Los Angeles County Public Library – Under a tax sharing agreement with the County of Los Angeles dated June 19, 1990, the Agency pays to the County Taxing Entities (County General Fund, Library and Flood Control District) (58%) their shares of general levy tax increment revenue from the Eastland Redevelopment Project – Amendment 1 Area. The County Taxing Entities have agreed to defer receipt of fifty percent of the County share, except for the portion of shares attributable to inflation growth in base year real property values. The County Deferral terminated at the end of the fiscal year 2009-10. The County Deferral accrues interest at seven percent per year, compounded annually beginning in the twenty-first Fiscal Year. The County Auditor-Controller will calculate the interest based on the outstanding balance, including interest accrued to date, as of June 30. Beginning in Fiscal Year 2010-11, the Former Agency agreed to annually repay the County Deferral by pledging and paying not less than eighty percent of the share (net of pass-through to other taxing entities) the Agency is annually allocated. As of June 30, 2015, the outstanding County Deferral balance was \$7,078,328. See Tables A-6 and A-7 herein. Payments with respect to this Pass-Through Agreement and the County Deferral are senior to the payment of debt service on the Refunding Bonds.

3. Mt. San Antonio Community College – The Former Agency entered into an agreement dated April 24, 1989 to pass through 50 percent of the general levy tax increment revenues allocated and paid to the Former Agency, which the Community College District would have received, from the Eastland Redevelopment Project – Amendment 1 Area net of a pro rata share of the Former Agency's Housing Set-Aside Requirement. The Community College District share of general levy is 3.18 percent for 2016-17.

4. Covina Valley Unified School District – The Former Agency entered into an agreement dated April 24, 1989 to pass through 50 percent of the general levy tax increment revenues allocated and paid to the Former Agency, which the Covina Valley Unified School District would have received, from the Eastland Redevelopment Project – Amendment 1 Area net of a pro rata share of the Former Agency's Housing Set-

Aside requirement. The Covina Valley Unified School District share of general levy is 3.06 percent for Fiscal Year 2016-17.

5. West Covina Unified School District – The Former Agency entered into an agreement dated April 24, 1989 to pass through 50 percent of the general levy tax increment revenues allocated and paid to the West Covina Successor, which the West Covina Unified School District would have received, from the Eastland Redevelopment Project – Amendment 1 Area net of a pro rata share of the Former Agency’s Housing Set-Aside requirement. The West Covina Unified School District share of general levy is 14.09 percent for Fiscal Year 2016-17.

6. Rowland Unified School District – The Former Agency entered into an agreement dated April 24, 1989 to pass through 50 percent of the general levy tax increment revenues allocated and paid to the Agency, which the Rowland Unified School District would have received, from the Eastland Redevelopment Project – Amendment 1 Area net of a pro rata share of the Former Agency’s Housing Set-Aside requirement. The Rowland Unified School District share of general levy is 2.03 percent for Fiscal Year 2016-17.

7. County of Los Angeles General Fund, Los Angeles County Flood Control District and the Los Angeles County Public Library – Under a tax sharing agreement with the County of Los Angeles dated August 9, 1993 relating to the 1993 Amendment Area, the Agency pays to the County (County General Fund and Forester and Fire Warden) (51.77%), Library (2.97%), Flood Control District (1.82%) and the County Office of Education (0.43%) their shares of general levy tax increment revenue. To date, the Agency has not received tax increment related to the 1993 Amendment Area.

8. Mt. San Antonio Community College – The Former Agency entered into an agreement dated November 17, 1993 to pass through 50 percent of the general levy tax increment revenues allocated and paid to the Former Agency, which the Community College District would have received, from the 1993 Amendment Area of a pro rata share of the Former Agency’s Housing Set-Aside requirement. The Community College District share of general levy is 3.05 percent for Fiscal Year 2016-17.

9. Covina Valley Unified School District – The Former Agency entered into an agreement dated November 2, 1993 to pass through 50 percent of the general levy tax increment revenues allocated and paid to the Former Agency, which the Covina Valley Unified School District would have received, from the 1993 Amendment Area net of a pro rata share of the Former Agency’s Housing Set-Aside requirement. The Covina Valley USD receives no payment because there is no positive incremental value within those District tax rate areas that are within both the District and the applicable Project Area.

10. West Covina Unified School District – The Former Agency entered into an agreement dated December 14, 1993 to pass through 50 percent of the general levy tax increment revenues allocated and paid to the Agency, which the West Covina Unified School District would have received, from the 1993 Amendment Area net of a pro rata share of the Former Agency’s Housing Set-Aside requirement. The West Covina Unified School District share of general levy is 21.23 percent for 2016-17.

For more information about the Pass-Through Agreements, see the Fiscal Consultant’s Report attached to this Official Statement as Appendix B.

Statutory Pass-Through Amounts

Assembly Bill 1290 (Chapter 942, Statutes of 1993) (“AB 1290”), effective January 1, 1994, eliminated the statutory authority for negotiated pass-through agreements and provided a formula for mandatory tax sharing, applicable to projects adopted after January 1, 1994 or amended after that date to add territory or make certain other amendments. These payments, which are to begin the fiscal year following the year a redevelopment plan was adopted (if after January 1, 1994) or the fiscal year following the year that a redevelopment plan’s original plan limitations would have taken effect (in the case of pre-1994 redevelopment

plans), are calculated using the increase in revenue less the amount of revenue generated by the project area in the year that the redevelopment plan was adopted or the former limit would have been reached, as applicable. Under the Dissolution Act, in particular Section 34183, the County Auditor-Controller is obligated to remit these Statutory Pass-Through Amounts to the affected taxing entities from the Agency's RPTTF for each ROPS period. Under the Dissolution Act, in particular Section 34183, the County Auditor-Controller is obligated to remit these Statutory Pass-Through Amounts to the affected taxing entities from the Agency's RPTTF for each ROPS period.

As further described herein under "THE PROJECT AREAS," the City adopted several ordinances amending the Merged Redevelopment Project Area and adopted the Citywide Redevelopment Project Area after 1994 and, accordingly, the Agency is required to pay the Statutory Pass-Through Amounts to affected taxing agencies that did not enter into Pass-Through Agreements with the Former Agency. These tax sharing payments continue so long as tax increment is available to repay indebtedness in the Project Areas. The Statutory Pass-Through Amounts are determined by specific formulas under the Law; and post-dissolution, these payment obligations of the Agency to affected taxing entities are administered by the County Auditor-Controller under the Dissolution Act (see "THE PROJECT AREAS — Projected Tax Revenues" for a projection of such payments).

Generally speaking, under the Law as amended by AB 1290 and as the obligation continues under the Dissolution Act, the Agency is required to pay to the affecting taxing entities percentages of tax increment generated in the Project Areas as the Statutory Pass-Through Amounts, as follows:

1. following the adoption of the redevelopment plan or expiration of the existing time limit to incur debt (as applicable) and thereafter, 25% of tax increment revenues (after deducting moneys required to be deposited into the Housing Fund); plus,
2. for the eleventh year following the triggering event and thereafter, 21% of revenues in excess of tenth year revenue; plus,
3. for the thirty-first year following the triggering event and thereafter, 14% of revenues in excess of thirtieth year revenues.

The payments of the Statutory Pass-Through Amounts to the affected taxing entities are allocated among each affected taxing entity in proportion to the share of property taxes each affected taxing entity received in the year funds are allocated. As indicated, amounts specified as payable to affected taxing entities are computed after deducting the amounts required to be deposited into the Housing Fund. For more information about the Statutory Pass-Through Amounts, see the Fiscal Consultant's Report attached to this Official Statement as Appendix B.

The Agency has determined not to undertake any procedure to subordinate the Statutory Pass-Through Amounts and thus, such Statutory Pass-Through Amounts are senior to the payment of debt service on the Refunding Bonds.

Section 33676 Election

Prior to the enactment of AB 1290, redevelopment project areas adopted between January 1, 1985 and January 1, 1994 were subject to payments to schools and to other affected taxing agencies that elected to receive tax revenue payments set forth under Section 33676 of the Law ("33676 Amounts"). The annual payments represent that portion of property taxes that are, or otherwise would be, calculated annually pursuant to subdivision (f) of Section 110.1 of the Revenue and Taxation Code (and referred to as the 2% inflation allocation). The County Office of Education is entitled to receive 33676 Amounts from a portion of the Merged Project Area. As with Statutory Pass-Through Amounts, the County Auditor-Controller administers the payment of 33676 Amounts. The 33676 Amounts are deducted from the tax revenues included in the

definition of Tax Revenues under the Agency Indenture. See “THE PROJECT AREAS—Projected Tax Revenues” in this Appendix A. For more information regarding the 33676 Amounts payable by the Agency, see the Fiscal Consultant’s Report attached to this Official Statement as Appendix B.

Low and Moderate Income Housing Fund

The Redevelopment Plans provided that a portion of all taxes that are allocated to the Agency pursuant to the Law were deposited into a separate Low and Moderate Income Housing Fund (the “Housing Fund”) and encumbered and expended by the Former Agency for the purpose of increasing and improving the community’s supply of housing available at an affordable housing cost to persons and families of low and moderate income. Pursuant to the Dissolution Act, former tax increment revenues generated in the Project Areas are no longer required to be deposited into the Housing Fund previously established pursuant to Section 33334.3 of the Law. Accordingly, former tax increment revenues generated from the Project Areas previously required to be deposited in the Housing Fund are now available and pledged to the repayment of the Refunding Bonds and any Additional Bonds.

Other ROPS Obligations

The Agency has various significant enforceable obligations that are, or will be, listed on the Agency’s ROPS and paid from moneys deposited in the Agency’s RPTTF from time to time. The Agency has determined that these obligations are either subordinate to the Refunding Bonds or not secured by a pledge of Tax Revenues.

THE PROJECT AREAS

Under the Law, a city or county that activated a redevelopment agency was required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency could only undertake those activities within a redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a “plan” in the customary sense of the word. Each redevelopment plan originally included separate time and financial limitations applicable to each Project Area. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Agency set forth in the applicable redevelopment plan are not effective for purposes of paying the Agency’s enforceable obligations. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant’s Report attached to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set forth in the Redevelopment Plans for the Project Areas. Also, the County Auditor-Controller will only deposit revenues into the RPTTF after a Project Area reaches a plan limit set forth in the redevelopment plan if and to the extent the Agency provides evidence that the revenues are needed to pay enforceable obligations. Neither of the Project Areas has reached its limit on the amount of cumulative tax increment the Agency is eligible to receive from the respective Project Area. See “SPECIAL RISK FACTORS—Effect of Plan Limits.” See also “—General,” and “—Project Area Characteristics” and “—Pledged Tax Revenues” for additional information regarding the Project Areas, including information on land use, property ownership, assessed valuation and Pledged Tax Revenues generated within the Project Areas. See “SECURITY FOR THE 2017 BONDS—Pledged Tax Revenues.”

General

The Project Areas exist pursuant to separate redevelopment plans (collectively referred to in this Appendix as the “Redevelopment Plans”) with separate time and financial limits, as described in more detail below. A brief description of the location and land uses within each Project Area is set forth below. Each of

the Project Areas was initially adopted by ordinance of the City Council and has been subject to periodic amendment from time to time pursuant to and in accordance with the Law.

Pursuant to the Redevelopment Law, the City Council of the City originally established two separate redevelopment project areas. The redevelopment plan for the Central Business District Redevelopment Project, which was adopted in 1971 by Ordinance No. 1180 and subsequently amended by Ordinance Nos. 1342, 1481, and 1657. The redevelopment plan for the Eastland Redevelopment Project was adopted in 1975 by Ordinance No. 1269 and amended by Ordinance No. 1852.

On December 21, 1993 pursuant to Ordinance No. 1927, the City Council merged the Central Business District and Eastland Redevelopment Projects (the “Merged Project Area”). The Merged Project Area was amended by the adoption of Ordinance No. 1928 on December 21, 1993, to add new territory (the “1993 Project Amendment Area”) to the boundaries of the Merged Project Area. The Project Area consists of 1,920.92 acres, 18% of the City’s total land area. The Central Business District portion of the Project Area is generally bounded on the north by the San Bernardino Freeway and includes the major commercial core of West Covina. The former Eastland Project Area lies in the eastern section of the City and is bounded on the south by the San Bernardino Freeway. The table below illustrates general information regarding the Merged Project Area:

Project Name	Adoption Date	Ordinance No.	Parcels	Acres
Central Business District Redevelopment Project Area (CBD Original Project Area)	December 20, 1971	1180	177	239.98
Central Business District Redevelopment Project Area (CBD - Amendment 2)	July 7, 1980	1481	327	318.42
Central Business District Redevelopment Project Area (Amendment 3)	December 20, 1984	1657		4.37
Eastland Redevelopment Project Area (Eastland – Original Area)	July 14, 1975	1269	76	199.00
Eastland Redevelopment Project Area (Eastland - Amendment 1)	July 9, 1990	1852	945	1,116.00
West Covina Redevelopment Project Amendment Area (Merger) (As modified by the 1996 deletion)	December 21, 1993	1927, 1928, 1964	125	43.15
		Totals:	1,650	1,920.92

On June 15, 1999, the City Council adopted Ordinance No. 2037 that established the redevelopment plan for the Citywide Redevelopment Project. The Citywide Project Area totals approximately 302 acres located in multiple non-contiguous sub-areas throughout the City.

Plan Limits

The Redevelopment Law required the Redevelopment Plans to include various limitations, including limits on the number of dollars of taxes that could be allocated to the Former Agency from the Project Areas and time limits on the Former Agency’s receipt of taxes from each Project Area (collectively referred to in this Appendix as the “Plan Limits”).

SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the Plan Limits set forth in the Redevelopment Plans are not effective for purposes of paying the Agency’s enforceable obligations. The County Auditor-Controller does not deposit into the RPTTF any tax revenues from Project Areas that reached their Plan Limits prior to the effective date of SB 107, and revenues from those Project Areas are not reflected in the projections of Tax Revenues set forth in Tables A-6 and A-7. As additional Project Areas reach the financial and time limits stated in the applicable Redevelopment Plans, the County Auditor-Controller is not expected to deposit moneys from such Project Areas into the RPTTF except to the extent the Agency needs such revenues to pay its enforceable obligations. See the caption “THE PROJECT AREAS—Projected Tax Revenues.”

Project Area Characteristics

The County Auditor-Controller is responsible for the aggregation of the assessed values assigned by the County Assessor for properties within the boundaries of the Project Areas. The reported current year Project Areas assessed value, less the frozen Base Year assessed value, becomes the basis for determining the computed gross property tax revenue allocable to the RPTTF. The reported assessed value of property within the combined Project Areas for fiscal year 2016-17 is as follows.

	<u>Fiscal Year 2016-17</u>	<u>% of Total</u>
Secured Value	\$ 2,836,011,760	94.49%
Unsecured Value	<u>165,239,389</u>	<u>5.51</u>
Total Current Year Value	\$ 3,001,251,149	100.00
Base Year Value	<u>364,736,339</u>	<u>12.15</u>
Incremental Value	\$ 2,636,514,810	87.85%

Source: County of Los Angeles and HdL Coren Cone.

The reported assessed value and incremental value of property for fiscal year 2016-17 is shown for each of the Project Areas separately in the following table:

<u>Project Area</u>	<u>Total Reported Value</u>	<u>Base Value</u>	<u>Incremental Value</u>	<u>% of Incremental Value</u>
Merged	\$ 2,513,297,389	\$ 199,382,178	\$ 2,313,915,211	83.74%
Citywide	<u>487,953,760</u>	<u>165,354,161</u>	<u>322,599,599</u>	<u>16.26</u>
Total FY 2016-17 Value	\$ 3,001,251,149	\$ 364,736,339	\$ 2,636,514,810	100.00%

Source: County of Los Angeles and HdL Coren Cone.

Land Use

The following table illustrates the land use of property in the Project Areas.

**TABLE A-1
COMBINED PROJECT AREAS
LAND USE STATISTICS
(Fiscal Year 2016-17)**

Land Use	Parcels	2016-17 Net Taxable Value	Percent of Total
Residential	1,033	\$ 851,345,971	28.4%
Commercial	480	1,691,874,728	56.4
Industrial	57	47,162,345	1.6
Vacant	220	60,112,644	2.0
Miscellaneous	5	2,442,341	0.1
Recreational	6	59,026,467	2.0
Government Owned	2	448,030	0.0
Institutional	25	64,468,097	2.1
Exempt	90	0	0.0
Subtotal	1,918	\$ 2,776,880,623	92.5%
Cross Reference		\$ 59,131,137	2.0%
Unsecured		165,239,389	5.5
Subtotal		\$ 224,370,526	7.5%
Total		\$ 3,001,251,149	100.0%

Source: HdL Coren Cone.

Ten Largest Taxpayers

The ten largest taxpayers in the Project Areas represent approximately 27.18% of the total value in the Project Areas for fiscal year 2016-17 and are comprised primarily of commercial and residential land uses. When compared against the incremental assessed value of the Project Areas, these ten largest taxpayers represent approximately 30.94% of the total incremental assessed value within the Project Areas.

**TABLE A-2
COMBINED PROJECT AREAS
MAJOR PROPERTY TAXPAYERS
(Fiscal Year 2016-17)**

	Project Area Location	Assessed Value	% Total Value	% Incremental Value
1	Plaza West Coving LLC	\$ 265,751,508	8.85%	10.08%
2	BRE DDR BR Eastland California LLC ⁽¹⁾	165,400,934	5.51	6.27
3	301 South Glendora Avenue Apartments	99,764,554	3.32	3.78
4	TPA Nash	54,592,705	1.82	2.07
5	CIP 2014 SG Covina Owner LLC ⁽¹⁾	46,800,000	1.56	1.78
6	CSMC 2006 C5 North Barranca Street ⁽¹⁾	46,100,000	1.54	1.75
7	Bentley Real Estate LLC ⁽¹⁾	37,016,836	1.23	1.40
8	Hassen Real Estate Partnership	35,687,877	1.19	1.35
9	WK Sunset Plaza Venture LLC ⁽¹⁾	32,926,980	1.10	1.25
10	Pried XIV Trust ⁽¹⁾	<u>31,572,896</u>	<u>1.05</u>	<u>1.20</u>
	Total	\$ 815,614,290	27.18%	30.94%
	Total Project Area Assessed Value	\$3,001,251,149		
	Project Area Incremental Assessed Value	\$2,636,514,810		

⁽¹⁾ Pending appeals.

Source: County of Los Angeles and HdL Coren Cone.

Assessed Valuation

The following table sets forth the taxable assessed valuations for the Project Areas and the incremental taxable values for the last ten fiscal years. According to the County, the total assessed valuation of the Project Areas for fiscal year 2016-17 is \$3,001,251,149.

**TABLE A-3
COMBINED PROJECT AREAS
ASSESSED VALUATIONS AND INCREMENTAL TAX VALUES
(Fiscal Years 2007-08 to 2016-17)**

Fiscal Year Ending June 30	Assessed Value	Less: Base Year Value	Value Over Base Year
2008	\$2,045,044,321	\$364,731,579	\$1,675,085,074
2009	2,291,285,545	364,731,579	1,921,326,298
2010	2,350,474,928	364,731,579	1,985,469,365
2011	2,350,539,000	364,731,579	1,985,533,437
2012	2,408,415,751	364,731,579	2,043,684,172
2013	2,437,586,787	364,731,579	2,072,855,208
2014	2,473,066,844	364,731,579	2,108,335,265
2015	2,542,972,703	364,736,339	2,178,236,364
2016	2,768,569,187	364,736,339	2,403,832,848
2017	3,001,251,149	364,736,339	2,636,514,810

Source: County of Los Angeles and HdL Coren Cone.

For projections of growth in incremental assessed valuation and Gross Tax Increment Revenues, see “—Projected Tax Revenues” below.

For information about assessment appeals, see “—Assessment Appeals.”

Levy and Collections

The prior year allocation of tax increment revenues and the County Auditor-Controller's distribution of property taxes to the RPTTF are a reflection of actual property tax collections experienced within the Project Areas. Based on the Fiscal Consultant's review of the County's year-end tax ledgers from fiscal year 2010-11 to fiscal year 2014-15, the property taxes collected within the Project Areas averaged 97.5%. The County has not adopted the "Teeter Plan" alternative method for collection of taxes and, therefore, the receipt of property taxes is subject to delinquencies.

TABLE A-4
COMBINED PROJECT AREAS
TAX LEVY AND COLLECTIONS
(Fiscal Years 2010-11 to 2014-15)

Fiscal Year	Computed Levy ⁽¹⁾	Actual Based on Collections Rate ⁽²⁾	Collections Percentage
2010-11	\$20,165,332	\$19,129,129	94.9%
2011-12	20,437,693	19,918,723	97.5
2012-13	20,609,279	20,265,523	98.3
2013-14	21,133,248	21,004,500	99.4
2014-15	23,066,458	22,996,648	<u>99.7</u>
		Average % Collections:	98.0%

⁽¹⁾ Computed Levy based on reported incremental value multiplied by the tax rate to compute gross tax increment. Computed Levy also includes Unitary Taxes, if any, as reported by the County Auditor-Controller.

Source: County Auditor-Controller year-end tax ledger detail; HdL Coren Cone. Amounts represent the annual current year tax increment revenues allocable through Fiscal Year 2015-16 and prior to dissolution of redevelopment agencies pursuant to AB 1x26. For purposes of identifying the collection of property taxes, amounts shown do not include deductions for administrative fees, tax refunds or pass through payments. Revenues are based on current year assessed values only and do not include supplemental taxes, prior year redemption payments, escaped assessments or mid-year adjustments made by the Assessor or Auditor-Controller.

Assessment Appeals

There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the County Assessor following a change in ownership or completion of new construction. If the base year value assigned by the County Assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value.

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the property owner. A property owner can file for a regular assessment appeal with the County between July 2 and November 30. Revenue and Taxation Code Section 1604 allows up to two years for an assessment appeal to be decided. Nine of the top ten taxpayers within the Project Areas have filed assessment appeals that are currently pending. Additional appeals to assessed values in the Project Areas may be filed from time to time in the future. The Agency cannot predict the extent of these appeals or their likelihood of success.

The Fiscal Consultant researched the status of assessment appeals filed by property owners in the Project Areas based upon the latest information available from the County Appeals Board database through June 30, 2016. The Fiscal Consultant’s estimates are based upon the historical averages of successful appeals and amounts of value reductions. Actual appeals, reductions and refunds may vary from historical averages. The Fiscal Consultant’s estimated reductions in values are reflected in its projections.

The following table, showing appeal data for fiscal years 2012-13 through 2015-16, summarizes the potential losses that are incorporated into the Fiscal Consultant’s projections:

**TABLE A-5
COMBINED PROJECT AREAS
ASSESSED VALUATION APPEALS
(Fiscal Year 2012-13 to 2015-16)**

Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Reduction	No. of Appeals Pending	Est. No. of Pending Appeals Allowed	Estimated Reduction on Pending Appeals Allowed
293	77	51	15.38%	137	93	\$74,613,448

Source: County of Los Angeles and HdL Coren Cone.

Tax refunds payable from resolved appeals (to the extent applicants are not delinquent in their property tax payments) are deducted by the County Auditor-Controller from current year gross property taxes before the County’s allocation to the RPTTF. The Fiscal Consultant estimates that Fiscal Year 2016-17 values will be reduced by \$74,613,448, resulting in an estimated tax refund of approximately \$682,749. The Fiscal Consultant’s estimated tax refund based on pending appeals shown in the above tables is reflected in the projections of Tax Revenues set forth in Tables A-6 and A-7 under the caption “THE PROJECT AREAS—Projected Tax Revenues.”

Actual resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment. Therefore, actual reductions, if any, may be higher or lower than the reductions incorporated in the Fiscal Consultant’s projections. An appeal may be withdrawn by the applicant, the Appeals Board may deny or modify the appeal at hearing or by stipulation, or the final value may be adjusted to an amount other than the stated opinion of value. See “—Assessed Valuation” above, for a summary of historical assessed property valuations in the Project Areas. For more information about appeals and the Fiscal Consultant’s assumptions, see the Fiscal Consultant’s Report attached to this Official Statement as Appendix B.

Projected Tax Revenues

The following table shows the current and projected valuation of taxable property in the Project Areas and the projected Tax Revenues. Such projections are estimates only and no assurance can be given that such projections will be achieved. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, see “LIMITATIONS ON TAX REVENUES” and “RISK FACTORS” in the forepart of this Official Statement and “SPECIAL RISK FACTORS” in this Appendix A.

**TABLE A-6
COMBINED PROJECT AREAS
PROJECTION OF PROJECT AREAS TAX REVENUES
ASSUMES VALUE GROWTH
(000's Omitted)⁽¹⁾**

Fiscal Year	Total Taxable Value⁽²⁾	Taxable Value Over Base⁽³⁾	Unitary Tax Revenue	Adjusted Gross Tax Revenue	County Admin. Charges⁽⁴⁾	Pass-Through Obligations⁽⁵⁾	County Deferral Repayment⁽⁶⁾	Prior Agreement	Tax Revenues
2016-17	\$3,001,251	\$2,636,515	\$ 129	\$ 26,493	\$ (415)	\$ (7,690)	\$ (1,815)	\$ (1,593)	\$ 14,979
2017-18	2,987,428	2,622,691	129	26,354	(413)	(7,745)	(1,884)	(1,641)	14,672
2018-19	3,044,682	2,679,945	129	26,927	(422)	(7,988)	(1,923)	(1,692)	14,902
2019-20	3,103,080	2,738,344	129	27,511	(431)	(8,262)	(1,964)	(1,742)	15,112
2020-21	3,162,647	2,797,911	129	28,106	(441)	(8,525)	(1,633)	(1,793)	15,714
2021-22	3,223,406	2,858,669	129	28,714	(450)	(8,795)	0	(1,844)	17,625
2022-23	3,285,379	2,920,643	129	29,334	(460)	(9,069)	0	0	19,804
2023-24	3,348,592	2,983,855	129	29,966	(470)	(9,349)	0	0	20,146
2024-25	3,413,069	3,048,333	129	30,610	(480)	(9,635)	0	0	20,495
2025-26	3,478,836	3,114,099	129	31,268	(490)	(9,927)	0	0	20,851
2026-27	3,545,918	3,181,181	129	31,939	(501)	(10,224)	0	0	21,214
2027-28	3,614,341	3,249,605	129	32,623	(511)	(10,527)	0	0	21,584
2028-29	3,684,133	3,319,397	129	33,321	(522)	(10,837)	0	0	21,962
2029-30	3,755,321	3,390,585	129	34,032	(533)	(11,152)	0	0	22,347
2030-31	3,827,933	3,463,197	129	34,758	(545)	(11,488)	0	0	22,726
2031-32	3,901,997	3,537,261	129	35,499	(556)	(11,830)	0	0	23,113
2032-33	3,977,542	3,612,806	129	36,254	(568)	(12,179)	0	0	23,507
2033-34	4,054,598	3,689,862	129	37,025	(580)	(12,557)	0	0	23,887
2034-35	4,133,195	3,768,459	129	37,811	(593)	(12,960)	0	0	24,258
2035-36	4,213,365	2,794,489	129	38,612	(605)	(13,370)	0	0	24,637
2036-37	4,295,137	2,854,875	129	39,430	(618)	(13,789)	0	0	25,023
2037-38	4,378,545	2,916,469	129	40,264	(631)	(14,216)	0	0	25,417
2038-39	4,463,621	2,979,295	129	41,115	(644)	(14,652)	0	0	25,818
2039-40	4,550,399	3,043,377	129	41,982	(658)	(15,096)	0	0	26,228
2040-41	4,638,912	2,487,100	129	42,867	(672)	(15,550)	0	0	26,645
2041-42	4,729,196	2,540,974	129	43,770	(686)	(16,013)	0	0	27,071
2042-43	4,821,285	2,595,925	129	44,691	(701)	(16,486)	0	0	27,505
2043-44	4,915,216	2,651,975	129	45,630	(715)	(16,968)	0	0	27,947
2044-45	5,011,026	1,971,229	129	46,588	(730)	(17,459)	0	0	28,399
2045-46	5,108,752	2,014,753	129	47,565	(746)	(17,961)	0	0	28,859
			<u>\$ 3,870</u>	<u>\$ 1,071,060</u>	<u>\$ (16,789)</u>	<u>\$ (362,299)</u>	<u>\$ (9,219)</u>	<u>\$ (10,306)</u>	<u>\$ 672,447</u>

[FOOTNOTES ON FOLLOWING PAGE]

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Taxable values as reported by the County for fiscal year 2016-17. Real property consists of land and improvements. Taxable values are increased for inflation at 2% for fiscal year 2017-18 and annually thereafter. Values for fiscal year 2017-18 are decreased by \$74.6 million for assumed projected value loss due to pending assessment appeals. See “— Assessment Appeals.” Personal Property values are held constant at the fiscal year 2016-17 level.

⁽³⁾ Represents total taxable value less base year value of \$364,736,339.

⁽⁴⁾ County Administrative Charges include charges under SB 2557 and AB x1 26. The Fiscal Consultant estimates the charges under SB 2557 at 1.32% of Gross Revenues and assumes charges under AB x1 26 will remain constant at the amount paid from revenues collected in fiscal year 2015-16.

⁽⁵⁾ Includes Statutory Pass-Through Amounts, amounts due under the Pass-Through Agreements and 33676 Amounts. See SECURITY FOR THE REFUNDING BONDS—Statutory Pass-Through Amounts,” “—Pass-Through Agreements” and “—Section 33676 Election” in this Appendix A for additional information.

⁽⁶⁾ Represents amount owed to the County as a deferral of amounts previously due under the Pass-Through Agreements with respect to the Eastland Redevelopment Project – Amendment 1 Area and 1993 Amendment Area. See “SECURITY FOR THE REFUNDING BONDS—Pass-Through Agreements.”

Source: HdL Coren Cone.

The following table shows the current and projected valuation of taxable property in the Project Areas and the projected Tax Revenues assuming no growth in the total assessed valuation of property within the Project Areas.

TABLE A-7
COMBINED PROJECT AREAS
PROJECTION OF PROJECT AREAS TAX REVENUES
ASSUMES NO VALUE GROWTH
(000's Omitted)⁽¹⁾

<u>Fiscal Year</u>	<u>Total Taxable Value⁽²⁾</u>	<u>Taxable Value Over Base⁽³⁾</u>	<u>Unitary Tax Revenue</u>	<u>Adjusted Gross Tax Revenue</u>	<u>County Admin. Charges⁽⁴⁾</u>	<u>Pass-Through Obligations⁽⁵⁾</u>	<u>County Deferral Repayment⁽⁶⁾</u>	<u>Prior Agreement</u>	<u>Tax Revenues</u>
2016-17	\$3,001,251	\$2,636,515	\$ 129	\$ 26,493	\$ (415)	\$ (7,690)	\$ (1,815)	\$ (1,593)	\$ 14,979
2017-18	2,926,638	2,561,901	129	25,747	(404)	(7,463)	(1,810)	(1,641)	14,428
2018-19	2,926,638	2,561,901	129	25,747	(404)	(7,472)	(1,810)	(1,692)	14,369
2019-20	2,926,638	2,561,901	129	25,747	(404)	(7,452)	(1,810)	(1,742)	14,339
2020-21	2,926,638	2,561,901	129	25,747	(404)	(7,452)	(1,810)	(1,793)	14,288
2021-22	2,926,638	2,561,901	129	25,747	(404)	(7,452)	(221)	(1,844)	15,826
2022-23	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2023-24	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2024-25	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2025-26	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2026-27	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2027-28	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2028-29	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2029-30	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2030-31	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2031-32	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2032-33	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2033-34	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2034-35	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2035-36	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2036-37	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2037-38	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2038-39	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2039-40	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2040-41	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2041-42	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2042-43	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2043-44	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2044-45	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
2045-46	2,926,638	2,561,901	129	25,747	(404)	(7,452)	0	0	17,891
			<u>\$ 3,870</u>	<u>\$ 773,142</u>	<u>\$ (12,119)</u>	<u>\$ (223,831)</u>	<u>\$ (9,277)</u>	<u>\$ (10,306)</u>	<u>\$ 517,610</u>

[FOOTNOTES ON FOLLOWING PAGE]

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Taxable values as reported by the County for fiscal year 2016-17. Real property consists of land and improvements. Taxable values are not increased for inflation. Values for fiscal year 2017-18 are decreased by \$74.6 million for assumed projected value loss due to pending assessment appeals. See “— Assessment Appeals.” Personal Property values are held constant at the fiscal year 2016-17 level.

⁽³⁾ Represents total taxable value less base year value of \$364,736,339.

⁽⁴⁾ County Administrative Charges include charges under SB 2557 and AB x1 26. The Fiscal Consultant estimates the charges under SB 2557 at 1.32% of Gross Revenues and assumes charges under AB x1 26 will remain constant at the amount paid from revenues collected in fiscal year 2015-16.

⁽⁵⁾ Includes Statutory Pass-Through Amounts, amounts due under the Pass-Through Agreements and 33676 Amounts. See SECURITY FOR THE REFUNDING BONDS—Statutory Pass-Through Amounts,” “— Pass-Through Agreements” and “—Section 33676 Election” in this Appendix A for additional information.

⁽⁶⁾ Represents amount owed to the County as a deferral of amounts previously due under the Pass-Through Agreements with respect to the Eastland Redevelopment Project – Amendment 1 Area and 1993 Amendment Area. See “SECURITY FOR THE REFUNDING BONDS—Pass-Through Agreements.”

Source: HdL Coren Cone.

Estimated Debt Service Coverage

The following table sets forth the debt service and coverage ratio for the Refunding Bonds and the Prior Agreement. There can be no assurance that such projected Tax Revenues will be realized. Such projections assume the issuance of the Refunding Bonds and the redemption, prepayment and defeasance of the Refunded Obligations. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, “LIMITATIONS ON TAX REVENUES” and “RISK FACTORS” in the forepart of this Official Statement and “SPECIAL RISK FACTORS” in this Appendix A.

TABLE A-8
COMBINED PROJECT AREAS
ESTIMATED DEBT SERVICE COVERAGE – ASSUMES VALUE GROWTH

Year Ending June 30	Tax Revenues ⁽¹⁾	Refunding Bonds Debt Service ^{(2)*}	Debt Service Coverage On Refunding Bonds*
2017	\$ 14,979,363		
2018	14,671,740		
2019	14,901,534		
2020	15,112,197		
2021	15,714,437		
2022	17,624,692		
2023	19,804,410		
2024	20,146,448		
2025	20,495,278		
2026	20,851,085		
2027	21,214,007		
2028	21,584,188		
2029	21,961,773		
2030	22,346,909		
2031	22,726,053		
2032	23,112,781		
2033	23,507,242		
2034	23,887,022		
2035	24,258,151		
2036	24,636,702		
2037	25,022,824		
2038	25,416,668		
2039	25,818,389		
2040	26,228,145		
2041	26,645,208		
2042	27,070,612		
2043	27,504,525		
2044	27,947,115		
2045	28,398,509		
2046	28,858,930		

* Preliminary, subject to change.

(1) See Table A-6.

(2) Refunding Bonds debt service shown on a bond year commencing September 2 in the Fiscal Year.

(3) Totals may not add due to rounding.

Source: HdL Coren Cone and Stifel Nicolaus & Company, Incorporated.

The following table sets forth the debt service and coverage ratio for the Refunding Bonds and Prior Agreement assuming no growth in total assessed valuation of property within the Project Areas.

TABLE A-9
COMBINED PROJECT AREAS
ESTIMATED DEBT SERVICE COVERAGE – ASSUMES NO VALUE GROWTH

<u>Year Ending June 30</u>	<u>Tax Revenues⁽¹⁾</u>	<u>Refunding Bonds Debt Service^{(2)*}</u>	<u>Debt Service Coverage On Refunding Bonds*</u>
2017	\$ 14,979,363		
2018	14,428,386		
2019	14,369,480		
2020	14,338,512		
2021	14,287,536		
2022	15,825,729		
2023	17,890,869		
2024	17,890,869		
2025	17,890,869		
2026	17,890,869		
2027	17,890,869		
2028	17,890,869		
2029	17,890,869		
2030	17,890,869		
2031	17,890,869		
2032	17,890,869		
2033	17,890,869		
2034	17,890,869		
2035	17,890,869		
2036	17,890,869		
2037	17,890,869		
2038	17,890,869		
2039	17,890,869		
2040	17,890,869		
2041	17,890,869		
2042	17,890,869		
2043	17,890,869		
2044	17,890,869		
2045	17,890,869		
2046	17,890,869		

* Preliminary, subject to change.

(1) See Table A-7.

(2) Refunding Bonds debt service shown on a bond year commencing September 2 in the Fiscal Year.

(3) Totals may not add due to rounding.

Source: HdL Coren Cone and Stifel Nicolaus & Company, Incorporated.

RPTTF Residual Distributions

As stated above, tax revenue generated from all project areas is available to make debt service payments on the Refunding Bonds, subject to senior liens. The table below sets forth the residual tax revenues which were distributed to taxing entities for each of the Agency’s ROPS periods since July 1, 2013.

**TABLE A-10
ALL PROJECT AREAS
HISTORICAL RESIDUAL RPTTF REVENUES**

ROPS Period	Property Tax Deposits (RPTTF)	County Administrative Distributions	Pass-Through Distributions	SCO Invoice for Audit and Oversight	Actual Enforceable Obligations Payments	Residual RPTTF Revenues
July 1, 2013 to December 31, 2013	\$12,070,645	\$(51,228)	\$(2,567,721)	\$ --	\$(5,819,099)	\$3,632,598
January 1, 2014 to June 31, 2014	8,727,388	(342,398)	(2,165,947)	--	(2,340,060)	3,878,983
July 1, 2014 to December 31, 2014	14,150,022	(54,426)	(2,934,328)	(29,896)	(5,711,917)	5,419,455
January 1, 2015 to June 31, 2015	8,861,874	(330,422)	(2,304,224)	--	(3,661,380)	2,565,848
July 1, 2015 to December 31, 2015	14,553,781	(70,485)	(3,063,864)	--	(4,587,100)	6,832,331
January 1, 2016 to June 31, 2016	11,487,456	(407,125)	(3,256,126)	--	(3,530,395)	4,293,809
July 1, 2016 to December 31, 2016	14,902,454	(55,275)	(3,498,084)	--	(7,560,598)	3,788,497

Source: Los Angeles County Auditor-Controller.

Property Tax and Spending Limitations

Section 1(a) of Article XIII A of the California Constitution limits the maximum *ad valorem* tax on real property to one percent of full cash value, to be collected by the counties and apportioned according to law. For a summary of this and other California constitutional property tax and spending limitations, see “LIMITATIONS ON TAX REVENUES—Property Tax and Spending Limitations” in the forepart of this Official Statement.

Unitary Property

The Fiscal Consultant projects that the amount of unitary revenues to be allocated to the Agency for fiscal year 2015-16 within the Project Areas is approximately \$128,685. The Agency cannot predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received by the Agency. In addition, the Agency cannot predict the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies, although the Agency does not expect any transfer to have a material adverse effect on Tax Revenues.

SPECIAL RISK FACTORS

The following summaries are provided as additional detail supplemental to the information under the section entitled “RISK FACTORS” in the forepart of this Official Statement. Such information should be considered by prospective investors in evaluating the Series 2017 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Series 2017 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. For additional information, see the section entitled “RISK FACTORS” in the forepart of this Official Statement.

Tax Revenues

Tax Revenues, which secure the Refunding Bonds, are determined by the incremental assessed value of taxable property in the Project Areas, the current rate or rates at which property in the Project Areas is taxed, and the percentage of taxes collected in the Project Areas. Several types of events which are beyond the control of the Agency could occur and cause a reduction in available Gross Tax Increment Revenues and, accordingly, Tax Revenues. A reduction of taxable values of property in the Project Areas or a reduction of the rate of increase in taxable values of property in the Project Areas caused by economic or other factors beyond the Agency's control (such as successful appeals by property owners for a reduction in a property's assessed value, a reduction in the rate of transfers of property, construction activity or other events that permit reassessment of property at lower values, or the destruction of property caused by natural or other disasters, including earthquakes) could occur, thereby causing a reduction in Tax Revenues. This risk increases in proportion to the percent of total assessed value attributable to any single assessee in the Project Areas and in relation to the concentration of property in such Project Areas in terms of size or land use (see "THE PROJECT AREAS—General" in this Appendix A). Any reduction in Tax Revenues from the Project Areas could have an adverse effect on the Agency's ability to meet its obligations under the Agency Indenture and the Agency's ability to pay the principal of and interest on the Refunding Bonds.

Approximately 100 lawsuits have been filed on various aspects of AB x1 26 and AB 1484 which could impact the dissolution of redevelopment agencies. Additionally, the state legislature periodically amends the Dissolution Act. The projections in this Appendix A could be impacted as a result of future court decisions or statutory enactments.

Projected Tax Revenues

The Fiscal Consultant has based its projections on certain assumptions with regard to the Project Areas, growth in assessed values and Tax Revenue growth. These projections assume that assessed values will increase for inflation at 2% for fiscal year 2017-18 and annually thereafter. A 2% growth rate is the maximum inflationary growth rate permitted by law. In the last ten fiscal years, the years in which less than 2% growth was realized included fiscal years 2004-05, 2010-11, 2011-12, 2014-15 and 2015-16. There can be no assurance that assessed values will increase as projected, if at all. See "THE PROJECT AREAS" in this Appendix A for a discussion of these assumptions.

Any reduction in assessed values in the Project Areas, reduction in tax rates or reduction in taxes collected would reduce the Tax Revenues available to pay debt service on the Refunding Bonds. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES" in the forepart of this Official Statement. See also "THE PROJECT AREAS" in this Appendix A for a summary of historical assessed valuation of property in the Project Areas, current assessment appeals and historical delinquencies and recent transactions involving the top five property owners that could affect assessed values in the Project Areas.

Effect of Redevelopment Plan Limits

Prior to the enactment of SB 107, the Agency's Project Areas were subject to various limitations on the amount of and time within which tax increment could be received by the Agency. Such limitations are referred to as "Plan Limits." Revenues in excess of such plan limits are not deposited into the RPTTF and are not reflected in the projections of Tax Revenues set forth in Tables A-6 and A-7 and the Fiscal Consultant's Report attached as Appendix B. The County Auditor-Controller will only deposit revenues into the RPTTF for Project Areas that reach their Plan Limits in the future if the Agency demonstrates that such revenues are needed to pay the Agency's enforceable obligations. The Agency does not expect this to affect the availability of Tax Revenues to pay debt service on the Refunding Bonds when due. Certain on the component areas within the Project Areas were subject to plan limitations, though due to the passage of SB 107, such plan limitations are no longer in effect. See Appendix B for a further discussion of plan limitations.

Senior, Parity and Subordinate Debt

The Agency may prepay the Prior Agreement on a basis senior to the Refunding Bonds if permitted by Section 34177.5(a)(1) of the Dissolution Act. The Agency Indenture permits the issuance by the Agency of certain refunding indebtedness which may have a lien upon the Tax Revenues on parity with the lien of the Refunding Bonds. Other than prepayment of the Prior Agreement, the Agency has covenanted not to issue any additional obligations with a lien on former tax increment revenues senior to the lien of the Refunding Bonds. See “SECURITY FOR THE REFUNDING BONDS—Parity Debt Limited to Refunding Bonds” in this Appendix A for a description of the conditions precedent to issuance of such additional obligations. The Agency Indenture does not limit the issuance of tax allocation bonds or other indebtedness secured by a pledge of tax increment revenues subordinate to the pledge of Tax Revenues securing the Refunding Bonds.

Concentration of Ownership

The ten largest property taxpayers in the Project Areas, based upon the fiscal year 2016-17 locally assessed tax roll reported by the County Assessor, owned approximately 27.18% of the total Project Areas value and approximately 30.94% of the total incremental assessed value within the Project Areas. Concentration of ownership presents a risk in that if one or more of the largest property owners were to default on their taxes, or were to successfully appeal the tax assessments on property within the Project Areas, a substantial decline in Tax Revenues could result. See “THE PROJECT AREAS—Ten Largest Taxpayers” in this Appendix A for more information (including recent transactions) about these ten largest property taxpayers and see “THE PROJECT AREAS—Assessment Appeals” for information as to pending appeals of tax assessments.

Natural Disasters; Seismic Hazards

Natural disasters, including floods and earthquakes, could damage improvements and/or property in the Project Areas, or impair the ability of landowners within the Project Areas to develop their properties or to pay property taxes.

Several active fault zones lie within Southern California. The Newport-Inglewood Fault, the San Andreas Fault, and other related faults in the region are potentially active within a five (5) to one (1) mile radius of the City. Seismic activity also can occur on previously undetected faults. In the event of a significant earthquake, substantial damage could occur to the property within the Project Areas.

If an earthquake were to substantially damage or destroy taxable property within the Project Areas, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Refunding Bonds.

A [significant] portion of the Project Areas lies within a dam inundation zone. In the event of a dam break, property within the Project Areas could be damaged or destroyed by flooding causing a reduction in assessed valuation within the Project Areas. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Refunding Bonds.

The property within the Project Areas may also be at risk from other events of force majeure, such as damaging storms, floods, fires and explosions, strikes, sabotage, riots and spills of hazardous substances, among other events. The Agency cannot predict what force majeure events may occur in the future.

Subordinate Lien Risks

The Refunding Bonds are payable from Tax Revenues on a basis junior and subordinate to the Prior Agreement. In the event of default or insufficiency of Tax Revenues that affects payment under the Prior Agreement, the municipal bond insurers and/or owners of such obligations will have the right to direct rights

and remedies including acceleration of the principal amount of such bonds, which would adversely affect the availability of Tax Revenues to the Refunding Bonds.

Successor Agency to the West Covina Redevelopment Agency

**SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2017A
(TAX EXEMPT)**

and

**SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2017B
(FEDERALLY TAXABLE)**

_____, 2017

IRREVOCABLE DIRECTION TO TRANSFER

To: Auditor-Controller
County of Los Angeles
500 West Temple Street, Room 525
Los Angeles, California 90012

Treasurer and Tax Collector
County of Los Angeles
500 West Temple Street, Room 437
Los Angeles, California 90012

From: Successor Agency to the West Covina Redevelopment Agency

The undersigned, Successor Agency to the West Covina Redevelopment Agency (the "Successor Agency"), hereby requests, and irrevocably authorizes and directs, the Auditor-Controller of the County of Los Angeles (the "County Auditor") and the Treasurer and Tax Collector of the County of Los Angeles (the "County Treasurer," and, together with the County Auditor, the "County") with respect to Successor Agency funds then held in, or later received by the County for deposit in, the Successor Agency's Redevelopment Property Tax Trust Fund (the "RPTTF"), and for so long as the above-captioned obligations (the "2017A Bonds" and the "2017B Bonds," respectively) remain Outstanding, as follows:

(a) To transfer on [June 1], 2017, to the Tax Increment Fund of the Successor Agency held by U.S. Bank National Association, as trustee (the "Trustee") under the Indenture of Trust, dated as of _____ 1, 2017 (the "Indenture"), by and between the Successor Agency and the Trustee, \$_____ of the amount set forth in the current duly approved Recognized Obligation Payment Schedule ("ROPS") for the payment of debt service on the Refunded Obligations (as defined in the Indenture) being refunded and/or defeased with proceeds from the 2017A Bonds, which moneys shall now be applied to the payment of principal and interest on the 2017A Bonds due to the refunding and/or defeasance of such Refunded Obligations, and to transfer on each January 2 and June 1, commencing [January 2, 2018], to the Tax Increment Fund or similar designated account

of the Successor Agency held by the Trustee under the Indenture, all amounts set forth in the related duly approved ROPS, with respect to then-payable principal or accreted value of, and interest payments on, the 2017A Bonds, and any deficiency in the Reserve Account established pursuant to the Indenture for the 2017A Bonds. The County shall have no obligation to transfer amounts that are not related specifically to the 2017A Bonds, nor shall the County have any obligation to transfer amounts not set forth on an approved ROPS. Should there be insufficient funds available to make the aforementioned transfers in full, the County shall, in respect of the priority in payment of the 2017A Bonds, transfer all remaining amounts in the RPTTF attributable to the Project Areas (as such term is defined in the Indenture) and otherwise consistent with the pledge under the Indenture then available for payment of approved Successor Agency obligations identified on the ROPS. Pursuant to Section 6.18 of the Indenture and Section 5 of the Local Obligation Purchase Contract, dated _____, 2017, by and between the County of Los Angeles Redevelopment Refunding Authority and the Successor Agency, the County shall be indemnified for any failure to make transfers to the Trustee in the full amount referenced on the ROPS, or for any other matters relating to the County's obligations under this Irrevocable Direction to Transfer.

(b) The transfers described in part (a) shall be made directly to the Trustee, as follows:

Name of Bank:	U.S. Bank National Association
ABA#:	091000022
Account Name:	U.S. Bank Corporate Trust
Account Number:	_____
Contact:	Regina Lumanlan
Telephone:	(213) 615-6044
Comment:	West Covina Tax Allocation Refunding Bonds Tax Increment Fund

Payments on the 2017A Bonds shall include the aggregate of all debt service payments and reserve amounts approved on a given ROPS with respect to the 2017A Bonds. A schedule of all such payments is included in Appendix I.

(c) To transfer on [June 1], 2017, to the Tax Increment Fund of the Successor Agency held by the Trustee under the Indenture \$_____ of the amount set forth in the current duly approved ROPS for the payment of debt service on the Refunded Obligations being refunded and/or defeased with proceeds from the 2017B Bonds, which moneys shall now be applied to the payment of principal and interest on the 2017B Bonds due to the refunding and/or defeasance of such Refunded Bonds, and to transfer on each January 2 and June 1, commencing [January 2, 2018], to the Tax Increment Fund or similar designated account of the Successor Agency held by the Trustee under the Indenture, all amounts set forth in the related duly approved ROPS, with respect to then-payable principal or accreted value of, and interest payments on, the 2017B Bonds, and any deficiency in the Reserve Account established pursuant to the Indenture for the 2017B Bonds. The County shall have no obligation to transfer amounts that are not related specifically to the 2017B Bonds, nor shall the County have any obligation to transfer amounts not set forth on an approved ROPS. Should there be insufficient funds available to make the aforementioned transfers in full, the County shall, in respect of the priority in payment of the 2017B Bonds, transfer all remaining amounts in the RPTTF attributable to the Project Areas and otherwise consistent with the pledge under the Indenture then available for payment of approved Successor Agency obligations identified on the ROPS. Pursuant to Section 6.18 of the Indenture and Section 5 of the Local Obligation Purchase Contract, dated _____, 2017, by and between the County of Los Angeles

Redevelopment Refunding Authority and the Successor Agency, the County shall be indemnified for any failure to make transfers to the Trustee in the full amount referenced on the ROPS, or for any other matters relating to the County's obligations under this Irrevocable Direction to Transfer.

(d) The transfers described in part (c) shall be made directly to the Trustee, as follows:

Name of Bank:	U.S. Bank National Association
ABA#:	091000022
Account Name:	U.S. Bank Corporate Trust
Account Number:	_____
Contact:	Regina Lumanlan
Telephone:	(213) 615-6044
Comment:	West Covina Tax Allocation Refunding Bonds Tax Increment Fund

Payments on the 2017B Bonds shall include the aggregate of all debt service payments and reserve amounts approved on a given ROPS with respect to the 2017B Bonds. A schedule of all such payments is included in Appendix II.

All capitalized terms used in parts (a) through (d) that are not defined herein have the meanings given to such terms in the Indenture.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

**SUCCESSOR AGENCY TO THE WEST
COVINA REDEVELOPMENT AGENCY**

By: _____
Executive Director

ACKNOWLEDGED AND ACCEPTED:

COUNTY OF LOS ANGELES

By: _____
Auditor-Controller

COUNTY OF LOS ANGELES

By: _____
Treasurer and Tax-Collector

[IRREVOCABLE DIRECTION TO TRANSFER]

APPENDIX I

THE 2017A BONDS

(See Attached Debt Service Schedules)

APPENDIX II

THE 2017B BONDS

(See Attached Debt Service Schedules)

RESOLUTION NO. OB-0050

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY, AUTHORIZING THE SUCCESSOR AGENCY TO REFUND CERTAIN OUTSTANDING TAX ALLOCATION OBLIGATIONS PURSUANT TO ASSEMBLY BILLS X1 26 AND 1484

WHEREAS, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the California Health and Safety Code (referred to herein as the “**Law**”)), the City Council of the City of West Covina (the “**City**”) created the former West Covina Community Development Commission (the “**Former RDA**”); and

WHEREAS, the Former RDA was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Law, and the powers of the Former RDA included the power to issue bonds, notes, certificates of participation or other evidence of indebtedness for any of its corporate purposes; and

WHEREAS, California Assembly Bill No. 26 (First Extraordinary Session) (“**AB X1 26**”) enacted on June 28, 2011, dissolved all redevelopment agencies in existence in the State of California (the “**State**”) as of February 1, 2012, and designated successor agencies and oversight boards to satisfy enforceable obligations of the former redevelopment agencies and wind down the activities of the former redevelopment agencies; and

WHEREAS, pursuant to AB X1 26, on January 10, 2012, the City Council of the City, pursuant to Resolution No. 2012-1, elected to become the successor agency for the Former RDA, and named the successor agency the Successor Agency to the West Covina Redevelopment Agency (the “**Agency**”); and

WHEREAS, Assembly Bill No. 1484 (“**AB 1484**”), which was enacted on June 27, 2012, provides a mechanism to refund outstanding bonds or other indebtedness of dissolved redevelopment agencies under certain circumstances; and

WHEREAS, the Former RDA previously issued or executed, as applicable, the obligations listed on Exhibit A hereto (collectively, the “**Former RDA Obligations**”); and

WHEREAS, the Agency desires to refund or prepay, as applicable, some or all of the Former RDA Obligations pursuant to AB 1484 in order to achieve debt service savings; and

WHEREAS, California Health and Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds or other indebtedness provided that: (i) the total interest cost to maturity on the refunding bonds or other indebtedness, plus the principal amount of the refunding bonds or other indebtedness, does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded, plus the remaining principal of the bonds or other indebtedness to be refunded; and (ii) the principal amount of the refunding bonds or other

indebtedness does not exceed the amount required to defease the bonds or other indebtedness to be refunded, to establish customary debt service reserves and to pay related costs of issuance; and

WHEREAS, California Health and Safety Code Section 34179(a) provides that each successor agency shall have an oversight board composed of seven members; and

WHEREAS, the oversight board (the “**Oversight Board**”) for the Agency has been duly established pursuant to California Health and Safety Code Section 34179(a); and

WHEREAS, the County of Los Angeles (the “**County**”), a political subdivision of the State and taxing entity recipient of property tax revenues, represented by voting membership on the Oversight Board, has developed a program (the “**Refunding Program**”) to assist successor agencies within the County in refunding bonds or other indebtedness pursuant to AB 1484 in order to provide debt service savings to participating successor agencies within the County, efficiencies in issuance and cost of issuance savings; and

WHEREAS, in order to facilitate the Refunding Program, the County of Los Angeles Redevelopment Refunding Authority (the “**Issuer**”) has been created pursuant to a Joint Exercise of Powers Agreement, dated August 6, 2013, by and between the Los Angeles County Public Works Financing Authority and the County; and

WHEREAS, the Refunding Program contemplates the issuance of revenue bonds to be offered to the public in connection with the proposed refunding of all or a portion of the Former RDA Obligations through the issuance by the Issuer, in one or more series, of its 2017 Tax Allocation Revenue Refunding Bonds, with such other name and series designation as shall be deemed appropriate (the “**Bonds**”), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code (the “**Act**”), and under the terms of a trust agreement (the “**Trust Agreement**”), by and between the Issuer and U.S. Bank National Association, as trustee (the “**Trustee**”); and

WHEREAS, pursuant to California Health and Safety Code Section 34177.5(f), the Oversight Board has requested that the Agency issue, in one or more series, its 2017 Tax Allocation Refunding Bonds (the “**Local Obligations**”), with such other name and series designation as shall be deemed appropriate, which Local Obligations shall be sold to the Issuer pursuant to the Act, in order to refund all or a portion of the Former RDA Obligations; and

WHEREAS, there are potential debt service savings that can be achieved through a refunding of the Former RDA Obligations, and the Oversight Board is informed that the Agency has determined to issue the Local Obligations, in one or more series and with such other name and series designation as shall be deemed appropriate, for the purposes of: (i) refunding all or a portion of the Former RDA Obligations; (ii) paying the costs of issuing the Local Obligations and the Agency’s share (as determined by the Issuer) of costs incident to the authorization, issuance and sale of the Bonds; (iii) funding a reserve account and/or providing for a reserve policy or surety for deposit to the reserve account for the Local Obligations in lieu of funding all or a portion of such reserve account with bond proceeds; and (iv) if advisable, paying for such Local Obligations’ share of the cost of municipal bond insurance for the Bonds; and

WHEREAS, the Local Obligations, when issued, will be payable from amounts on deposit in the Redevelopment Property Tax Trust Fund of the Agency and allocated to the Agency’s

Redevelopment Obligation Retirement Fund pursuant to an Indenture of Trust (the “**Indenture**”), by and between the Agency and the Trustee; and

WHEREAS, the Oversight Board is informed that the Agency has determined pursuant to Section 6588(v) of the California Government Code to sell the Local Obligations to the Issuer pursuant to a local obligation purchase contract (the “**Local Obligation Purchase Contract**”) by and between the Agency and the Issuer, and hereby finds and determines that such sale will result in significant public benefits, including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs and more efficient delivery of local agency services to residential and commercial development; and

WHEREAS, the Oversight Board may only direct a refunding so long as the successor agency is able to recover its related costs in connection with the transaction; and

WHEREAS, the recovery of such costs in connection with such a refunding transaction shall be supplemental to, and not constrained by, the administrative cost allowance described in California Health and Safety Code Section 34171(b); and

WHEREAS, the Agency has indicated that there are potential debt service savings that can be achieved through a refinancing of the Former RDA Obligations, and the Oversight Board now wishes to direct the Agency to prepare for the refunding of all or a portion of the Former RDA Obligations to achieve debt service savings; and

WHEREAS, Stifel, Nicolaus & Company, Incorporated and Citigroup Global Markets Inc. (collectively, the “**Underwriters**”), have submitted to the Issuer a proposed form of an agreement to purchase the Bonds (the “**Bond Purchase Agreement**”) by and between the Underwriters and the Issuer, which includes a Letter of Representations (the “**Letter of Representations**”) to be executed by the Agency; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“**Rule 15c2-12**”) requires that, in order to be able to purchase or sell the Bonds, the Underwriters must have reasonably determined that the Agency, as an obligated person, has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and operating data and certain enumerated events on an ongoing basis; and

WHEREAS, in order to cause such requirement to be satisfied, the Agency desires to execute a continuing disclosure agreement (the “**Continuing Disclosure Agreement**”) by and between the Agency and the Issuer, pursuant to which the Agency and the Issuer will provide annual disclosure and notices of certain enumerated events; and

WHEREAS, a form of the Preliminary Official Statement (the “**Preliminary Official Statement**”) to be distributed in connection with the public offering of the Bonds has been prepared, pertaining primarily to the Bonds but also describing the Issuer, the Refunding Program, the Local Obligations, the Agency and certain other information deemed material to an informed investment decision respecting the Bonds; and

WHEREAS, in order to accomplish the refunding of the Former RDA Obligations, the Agency desires to enter into one or more escrow agreements and/or irrevocable refunding instructions relating to the Former RDA Obligations (each, an “**Escrow Agreement**”), pursuant to

which the Agency will provide the escrow agent named in the applicable Escrow Agreement with money and/or investment securities sufficient to prepay or redeem, as applicable, and refund all or a portion of the Former RDA Obligations in accordance with the terms thereof; and

WHEREAS, the Local Obligations, the Indenture, the Local Obligation Purchase Contract, the Bond Purchase Agreement, the Letter of Representations, the Continuing Disclosure Agreement, the Escrow Agreements and the form of the Preliminary Official Statement are referred to in this Resolution as the “**Primary Bond Documents**”; and

WHEREAS, the Agency has approved all matters relating to the issuance and sale of the Local Obligations; and

WHEREAS, the Oversight Board now desires to approve all matters relating to the issuance and sale of the Local Obligations as required by Sections 34177.5(f) and 34180 of the California Health and Safety Code;

NOW THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY, DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. Approval of Refunding. The Primary Bond Documents, in substantially the forms presented at this meeting, with such changes therein as the officer of the Agency executing the same may require or approve, are hereby approved, and the issuance of the Local Obligations for the purposes set forth herein and subject to the requirements of California Health and Safety Code Section 34177.5(a) is hereby approved. The Agency’s participation in the Refunding Program, the Bonds and the Trust Agreement are approved as described in this Resolution.

The Agency has filed with the Oversight Board a certified copy of its Resolution No. ____, adopted on October 4, 2016, together with a summary debt service savings analysis, which is hereby approved as demonstrating the potential savings that may result from the refunding of all or a portion of the Former RDA Obligations.

Section 3. Recovery of Costs. The Oversight Board hereby authorizes and approves the Agency to recover reasonable related costs incurred in connection with this transaction, including the cost of Agency staff time. For the purpose of expending such proceeds, California Health and Safety Code Section 34177.3 and other provisions relating to Recognized Obligation Payment Schedules shall not apply. If the Agency is not able to issue the Local Obligations, the Agency may recover such costs by including such costs in a future Recognized Obligation Payment Schedule. The recovery of such costs shall be in addition to and shall not count against any administrative cost allowance of the Agency described in California Health and Safety Code Section 34171(b).

The Agency shall be entitled to receive its full allocation of the Administrative Cost Allowance under California Health and Safety Code Section 34183(a)(3) without any deductions with respect to continuing costs related to the Local Obligations and the Agency’s share of the costs of the Bonds, such as Trustee fees and expenses, auditing, financial advisor and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, the “**Compliance Costs**”), and such

Compliance Costs shall be payable from property tax revenues pursuant to California Health and Safety Code Section 34183.

Section 4. Chairperson Acting for Oversight Board. The Chairperson, acting for the Oversight Board, is hereby authorized to take whatever actions may be necessary to carry out the purposes of this Resolution pursuant to AB X1 26 and AB 1484.

Section 5. Secretary Acting for Oversight Board. The Secretary, acting for the Oversight Board, shall certify to the passage of this Resolution and enter it into the book of original resolutions and take any other actions and/or perform any other duties required by law.

Section 6. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

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Section 7. Effective Date. Pursuant to California Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the California Department of Finance (the “**Department of Finance**”) and, therefore, this Resolution shall be effective five (5) business days after notice to the Department of Finance, unless the Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval (including as may be deemed approved under the Law) by the Department of Finance. The City Clerk shall certify the vote adopting this resolution.

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on _____, 2016, by the following vote:

Ayes: _____
Noes: _____
Absent: _____
Abstain: _____

By: _____
Chairperson
Oversight Board of the Successor Agency to the West
Covina Redevelopment Agency

ATTEST:

Secretary
Oversight Board of the Successor Agency
to the West Covina Redevelopment Agency

I certify that the foregoing is a true and correct copy of the Resolution duly adopted by the Oversight Board of the Successor Agency to the West Covina Redevelopment Agency, at a meeting of the Oversight Board duly called and held at _____ p.m. on the _____ day of _____, 2016.

Secretary
Oversight Board of the Successor Agency
to the West Covina Redevelopment Agency

EXHIBIT A
FORMER RDA OBLIGATIONS

1. \$12,200,000 Redevelopment Agency of the City of West Covina Tax Allocation Revenue Refunding Bonds, Series 2002
2. \$11,275,000 Redevelopment Agency of the City of West Covina Housing Set-Aside Tax Allocation Revenue Bonds, Series 2001
3. Loan Agreement dated as of November 1, 1999, by and between the West Covina Public Financing Authority and the Former RDA entered into in connection with the issuance of the \$3,945,000 West Covina Public Financing Authority Taxable Variable Rate Demand Tax Allocation Bonds, Series 1999 (Redevelopment Agency of the City of West Covina-West Covina Redevelopment Project-Subordinate Lien)
4. \$4,945,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Series A
5. \$1,200,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Taxable Series B

RESOLUTION NO. 2016 - 28

A RESOLUTION OF THE WEST COVINA PUBLIC FINANCING AUTHORITY AUTHORIZING THE REFUNDING OF ITS TAXABLE VARIABLE RATE DEMAND TAX ALLOCATION BONDS, SERIES 1999 (REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA—WEST COVINA REDEVELOPMENT PROJECT—SUBORDINATE LIEN) AND AUTHORIZING THE DELIVERY OF CERTAIN DOCUMENTS AND THE UNDERTAKING OF CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the West Covina Public Financing Authority (the “**Authority**”) issued its Taxable Variable Rate Demand Tax Allocation Bonds, Series 1999 (Redevelopment Agency of the City of West Covina—West Covina Redevelopment Project—Subordinate Lien) (the “**Bonds**”) pursuant to an Indenture of Trust dated as of November 1, 1999, by and between the Authority and U.S. Bank National Association, as trustee (the “**Trustee**”); and

WHEREAS, the payments of principal and interest on the Bonds are secured by certain payments to be made by the Successor Agency to the West Covina Redevelopment Agency (the “**Agency**”) pursuant to a Loan Agreement dated as of November 1, 1999, by and between the Authority and the Agency, as successor to the West Covina Community Development Commission (the “**Loan Agreement**”); and

WHEREAS, the Agency has determined to issue bonds for the purpose of prepaying and defeasing the Loan Agreement, which will cause the redemption and defeasance of the Bonds; and

WHEREAS, the Board of Directors of the Authority has determined to assist the Agency by approving any documents and actions required to prepay and defease the Loan Agreement and to redeem and defease the Bonds, including the execution of an Escrow Agreement (the “**Escrow Agreement**”);

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE WEST COVINA FINANCING AUTHORITY, DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. Approval of Prepayment of Loan Agreement and Redemption of Bonds. Authority staff are hereby directed and authorized to enter into any documents and undertake any actions required in order to effect the prepayment of the Loan Agreement and the Redemption of the Bonds. To this end, each of the Chair, the Executive Director, the Treasurer (which is the City’s Finance Director) and other appropriate officers of the Authority, acting alone, is authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and contracts that they may deem necessary or advisable in order to accomplish the purposes of this Resolution, including the execution and delivery of the Escrow Agreement.

Section 3. Effective Date. This Resolution shall take effect immediately upon its adoption by the governing board of the Authority, and the Secretary shall certify the vote adopting this resolution.

PASSED, APPROVED AND ADOPTED by the West Covina Public Financing Authority, this 4th day of October, 2016, by the following vote:

James Toma
Chair

APPROVED AS TO FORM:

ATTEST:

Kimberly Hall Barlow
City Attorney

Nickolas S. Lewis
City Clerk