



## **WELCOME TO YOUR OVERSIGHT BOARD OF THE SUCCESSOR AGENCY MEETING**

Whether you are attending this meeting because of general interest, or because a particular item of special interest is to be reviewed, your presence is an important means of helping to insure an informed public and responsible City Government.

### **OVERSIGHT BOARD OF THE SUCCESSOR AGENCY**

The purpose of the Oversight Board of the Successor Agency is to supervise and review the activities of the Successor Agency in administering the dissolution and wind down of the City of Lemoore's Redevelopment Agency. The Oversight Board has a fiduciary responsibility to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues.

### **CONDUCT AT PUBLIC MEETINGS**

Your courtesy is requested to help our meeting run smoothly. If you'll be kind enough to follow these simple rules, we can make the best possible use of time. Please turn off all cell phones and pagers. Please refrain from public displays or outbursts such as unsolicited applause, comments, cheering, foul language, or obscenities. Any disruptive activities that substantially interfere with the ability of the City to carry out its meeting or prevents/disrupts others from fully participating in the meeting will not be permitted and offenders will be requested to leave the meeting pursuant to Government Code § 54957.9.

### **PUBLIC COMMENTS**

At an Oversight Board meeting, those who wish to be heard on matters on the agenda should indicate their desire to speak when the item is ready for discussion. If you wish to comment on an item which is not on the agenda, you may do so under "Public Comments". In order to allow time for all public comments, each individual's comments are limited to five minutes. Time shall not be shared/loaned from speaker to speaker. If you wish to request time on an upcoming Board Agenda to present a particular item or matter to the Board, you may contact the City Manager at any time before 12:00 noon on the Thursday immediately preceding the Board meeting to so request. If the matter is within the Board's jurisdiction, and the Board has not taken action or considered the item at a recent meeting, the City Manager may place the item on the Agenda. When addressing the Board, you are requested to come forward to the speaker's microphone, state your name and address, and then proceed with your presentation.

Minutes of the Regular Meeting of the  
OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY  
TO THE LEMOORE REDEVELOPMENT AGENCY  
June 23, 2016

ATTENDANCE: Members Cavanagh, Corl, Holwell, Verboon; Chief Financial Officer Corder; Board Clerk Venegas

ABSENT: Siegel, Stoppenbrink

MEETING CALLED TO ORDER:  
At 9:01 a.m. the meeting was called to order.

PUBLIC COMMENT:  
There was no comment.

APPROVAL – Minutes – Regular Meeting – January 28, 2016:  
It was moved by Board Member Cavanagh, seconded by Board Member Corl, and carried that the Board approve the Minutes of Regular Meeting for January 28, 2016.

Ayes: Cavanagh, Corl, Holwell, Verboon  
Absent: Siegel, Stoppenbrink

REPORT AND RECOMMENDATION – Disposition of Proceeds of 2011 Bonds Issued by the Former Redevelopment Agency – Resolution 2016-02

Motion by Board Member Holwell to approve as presented.

Motion failed due to a lack of a second.

Adjournment: At 9:18 a.m. the meeting adjourned.

Full digital audio recording is available.

Approved the 21<sup>st</sup> day of July 2016.

ATTEST:

APPROVED:

\_\_\_\_\_  
Mary J. Venegas, City Clerk

\_\_\_\_\_  
Doug Verboon, Vice Chairman

**Mayor**  
Lois Wynne  
**Mayor Pro Tem**  
Jeff Chedester  
**Council Members**  
Ray Madrigal  
Eddie Neal  
William Siegel



**Finance  
Department**

119 Fox Street  
Lemoore, CA 93245  
Phone (559) 924-6700  
Fax (559) 924-9003

## Staff Report

ITEM NO. 4

**To:** Oversight Board for the Successor Agency to  
the Lemoore Redevelopment Agency

**From:** Heather J. Corder, Finance Director

**Date:** July 18, 2015 **Meeting Date:** July 21, 2015

**Subject:** Disposition of Proceeds of 2011 Bonds Issued by the Former  
Redevelopment Agency – Resolution 2016-03

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### **Proposed Motion:**

Adopt Resolution 2016-03, authorizing the Successor Agency's execution and delivery of Instructions to the Trustee Regarding Partial Optional Redemption and the Successor Agency's execution and delivery of a 2011 Bonds Proceeds Funding Agreement relating to proceeds of 2011 bonds issued by the former Lemoore Redevelopment Agency and taking other related actions.

### **Subject/Discussion:**

#### **Background**

In March 2011, the Former Agency issued its Lemoore Redevelopment Project, 2011 Tax Allocation Bonds, in the aggregate principal amount of \$19.15 million. Approximately \$17 million from the proceeds of the 2011 bonds was deposited into a project fund, intended for the financing of redevelopment projects.

Pursuant to ABX1 26, as upheld by the California Supreme Court, the Former Agency was dissolved as of February 1, 2012. The Successor Agency was constituted to wind-down the Former Agency's affairs.

SB107, enacted in September 2015, amended and supplemented many provisions of ABX1 26. SB107 included provisions for the expenditure of the 2011 Project Proceeds for projects, subject to certain conditions and limitations.

Specifically, the Successor Agency may expend up to 5 percent of the 2011 Project Proceeds before the Department of Finance (DOF) approves the Successor Agencies Last and Final Recognized Obligation Payment Schedule (LFROPS). It is not possible to complete the LFROPS because the Successor Agency would have to ascertain and list the payments for all enforceable obligation for each future six month period until the Successor Agency's termination. Currently one of the Successor obligations is variable.

On July 21, 2016 staff brought forward a proposal to the Successor Agency to adopt Resolution 2016-02. At that time there were questions regarding the financial impact of

a full defeasance versus a partial defeasance utilizing 95% of the funds available. In a partial defeasance the remaining 5% of funds would be used to assist in the funding of the Regional Dispatch Center.

**Financial Consideration(s):**

The annual savings of a full defeasance versus a 95% defeasance is on average \$216,000 per year for five years. This results in an average increase Redevelopment Property Tax Trust Fund (RPTTF) distributions per tax entity per year listed below.

Cities	\$43,000
Counties	\$87,000
Special Districts	\$ 8,000
K-12 Schools	\$61,000
Community Colleges	\$11,000
County Office of Education	\$ 6,000

If a partial defeasance of 95% is approved the Successor Agency will be able to use approximately \$855,000 from the 2011 Project Proceeds for projects. This would be used to assist in the funding of the Regional Dispatch Center.

It should be noted that the financial amounts presented in this Staff Report are based on estimates in a report prepared by the Successor Agency’s Financial Advisor, Del Rio Advisors LLC on June 9, 2016. The Financial Advisor’s estimates assume a September 10<sup>th</sup> 2016 redemption date and reflect fund balances as of May 31<sup>st</sup> 2016. The eventual results will likely differ depending on the actual redemption date and fund balance changes from investment earnings.

**Alternatives or Pros/Cons:**

Successor Agency Staff believes that partial defeasance and the use of the 2011 Project Proceeds for the Regional Dispatch Center reflects the best option with respect to project funding and debt services savings.

As an alternative, the Oversight Board may decide for a full defeasance. In which case no money would be available to be allocated for projects. If this option is chosen, staff would need to bring back an updated resolution.

Also, the Oversight Board may decide not to proceed with defeasance of the bond, at which point there would be no changes to our current operating procedures.

**Staff Recommendation:**

Recommend that the Oversight Board adopt Resolution 2016-03, authoring the use of 5% of funds for the Regional Dispatch Center (95% defeasance option).

**Attachments:**

- Resolution 2016-03
- Ordinance
- Map
- Other \_\_\_\_\_

**Review:**

- Finance 7/19/16
- City Attorney
- City Manager
- City Clerk 7/19/16

**Date:**

- 7/19/16
- 7/19/16

**RESOLUTION 2016-03**

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE  
LEMOORE SUCCESSOR AGENCY TO THE FORMER LEMOORE  
REDEVELOPMENT AGENCY AUTHORIZING THE SUCCESSOR AGENCY'S  
EXECUTION AND DELIVERY OF INSTRUCTIONS TO TRUSTEE REGARDING  
PARTIAL OPTIONAL REDEMPTION AND THE SUCCESSOR AGENCY'S  
EXECUTION AND DELIVERY OF A 2011 BOND PROCEEDS FUNDING  
AGREEMENT RELATING TO PROCEEDS OF 2011 BONDS ISSUED BY THE  
FORMER REDEVELOPMENT AGENCY AND TAKING OTHER RELATED ACTIONS**

**WHEREAS**, the Lemoore Redevelopment Agency (the "Former Agency") issued its Lemoore Redevelopment Project, 2011 Tax Allocation Bonds (the "2011 Bonds"), in the aggregate principal amount of \$19,150,000, pursuant to an Indenture of Trust, dated as of February 1, 2011 (the "Indenture"), by and between the Former Agency and U.S. Bank National Association, as trustee (the "Trustee"); and

**WHEREAS**, pursuant to the Indenture, a portion of the proceeds of the 2011 Bonds were deposited into a Redevelopment Fund (established under the Indenture) intended to be used on redevelopment projects (the moneys deposited and maintained in the Redevelopment Fund being referred to herein as the "2011 Project Proceeds"); and

**WHEREAS**, pursuant to AB X1 26 (which was enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency to the Lemoore Redevelopment Agency (the "Successor Agency") was constituted, and an oversight board of the Successor Agency (the "Oversight Board") was established; and

**WHEREAS**, AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the California Health and Safety Code ("HSC") (such Parts 1.8 and 1.85, including amendments and supplements enacted after AB X1 26, being referred to herein as the "Dissolution Act"); and

**WHEREAS**, pursuant to the Dissolution Act, all assets, properties and contracts of the Former Agency, including the unspent 2011 Project Proceeds, transferred to the control of the Successor Agency by operation of law; and

**WHEREAS**, in light of the timing of the enactment of AB X1 26 and the subsequent dissolution of the Former Agency, none of the 2011 Project Proceeds in the Redevelopment Fund have been spent; and

**WHEREAS**, pursuant to the Dissolution Act (as amended by SB 107 enacted in September 2015), after the Successor Agency's receipt of a finding of completion (the "Finding of Completion") issued by the California State Department of Finance (the "DOF"), the Successor Agency may spend the 2011 Project Proceeds in a manner permitted under HSC Section 34191.4; and

**WHEREAS**, the DOF issued a Finding of Completion to the Successor Agency on June 7, 2013, pursuant to HSC Section 34179.7; and

**WHEREAS**, pursuant to HSC Section 34191.4(c)(2)(A) and HSC Section 34191(c)(2)(C), the Successor Agency has determined to: (i) use 5 percent of the 2011 Project Proceeds for projects in a manner consistent with bond covenants (the “Projects”), and (ii) use the other 95 percent of the 2011 Project Proceeds to cause a prepayment (by redemption) of a portion of the outstanding 2011 Bonds; and

**WHEREAS**, to effect the partial redemption of the 2011 Bonds, the Successor Agency proposes to execute and deliver instructions to the Trustee, substantially in the form attached hereto as Exhibit A (the “Redemption Instructions”); and

**WHEREAS**, in light of Successor Agency’s limited staffing, the City of Lemoore’s traditional role and established procedures for the awarding of public works contracts, and the timing needs with respect to the Projects, the Successor Agency desires to enter into a 2011 Bond Proceeds Funding Agreement, by and between the Successor Agency and the City, substantially in the form attached here as Exhibit B (the “Funding Agreement”), to provide for the Successor Agency’s transfer of the 2011 Project Proceeds remaining after the redemption and the City use of such 2011 Project Proceeds to perform or cause to be performed the work required for the Projects; and

**WHEREAS**, the Redemption Instructions and the Funding Agreement are in furtherance of the winding down of the Former Agency’s affairs, with respect to the expenditure of unspent bond proceeds as contemplated under HSC Section 34191.4;

**NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE LEMOORE REDEVELOPMENT AGENCY AS FOLLOWS:**

**Section 1.** The above recitals are true and correct and are a substantive part of this Resolution.

**Section 2.** The Oversight Board hereby approves the Successor Agency’s execution and delivery of the Redemption Instructions, substantially in the form attached hereto as Exhibit A. The Successor Agency is authorized to implement the redemption contemplated under this Resolution and the Redemption Instructions, without any amendment to ROPS 16-17 (being the Recognized Obligation Payment Schedule prepared for the period from July 1, 2016 through June 30, 2017).

**Section 3.** The Oversight Board hereby approves the Successor Agency’s execution and delivery of the Funding Agreement, substantially in the form attached hereto as Exhibit B.

**Section 4.** The members of this Oversight Board and the staff of the Successor Agency are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution, the Redemption Instructions and the Funding Agreement.

**PASSED, APPROVED AND ADOPTED** by the Oversight Board for the Successor Agency to the Lemoore Redevelopment Agency at a special meeting this 21st day of July, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

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Doug Verboon, Vice Chairperson

ATTEST:

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Mary J. Venegas, Board Clerk



**EXHIBIT A**

Instructions to Trustee Regarding Partial Optional Redemption  
(in substantial final form)

[see attached]

**EXHIBIT B**

2011 Bond Proceeds Funding Agreement  
(in substantial final form)

[see attached]

**CERTIFICATE**

**STATE OF CALIFORNIA )**  
**COUNTY OF KINGS ) ss.**  
**CITY OF LEMOORE )**

I, **Mary J. Venegas**, Board Clerk of the Oversight Board for the Successor Agency to the Lemoore Redevelopment Agency, do hereby certify the foregoing Resolution of the Oversight Board for the Successor Agency to the Lemoore Redevelopment Agency was duly passed and adopted at a Special Meeting of the Oversight Board held on July 21, 2016.

DATED: July 21, 2016

\_\_\_\_\_  
Mary J. Venegas, Board Clerk

# INSTRUCTIONS TO TRUSTEE REGARDING PARTIAL OPTIONAL REDEMPTION

## Relating to

### Lemoore Redevelopment Agency Lemoore Redevelopment Project 2011 Tax Allocation Bonds

**Dated:** \_\_\_\_\_, 2016

These INSTRUCTIONS TO TRUSTEE REGARDING PARTIAL OPTIONAL REDEMPTION (these “Instructions”) are given by the SUCCESSOR AGENCY TO THE LEMOORE REDEVELOPMENT AGENCY (the “Successor Agency”), as the successor entity to the Lemoore Redevelopment Agency (the “Former Agency”), to U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”), in connection with a partial redemption of the above-referenced bonds (the “2011 Bonds”).

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Indenture of Trust, dated as of February 1, 2011 (the “Indenture”), by and between the Former Agency and the Trustee.

#### RECITALS:

A. The Former Agency was a redevelopment agency formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the Health and Safety Code of the State of California (“HSC”).

B. The Former Agency issued the 2011 Bonds pursuant to the Indenture.

C. Pursuant to the Indenture, a portion of the proceeds of the 2011 Bonds was deposited into a Redevelopment Fund (established under the Indenture) intended to be used on redevelopment projects. The moneys deposited and maintained in the Redevelopment Fund are referred to herein as the “2011 Project Proceeds.”

D. Pursuant to AB X1 26 (which was enacted in June 2011) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former Agency, and an oversight board of the Successor Agency (the “Oversight Board”) was established.

E. AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the California Health and Safety Code (“HSC”). Such Parts 1.8 and 1.85, including amendments and supplements enacted after AB X1 26, are referred to herein as the “Dissolution Act.”

F. Pursuant to the Dissolution Act, all assets, properties and contracts of the Former Agency, including the unspent 2011 Project Proceeds, transferred to the control of the Successor Agency by operation of law.

G. Pursuant to the Dissolution Act (as amended by SB 107 enacted in September 2015), after the Successor Agency's receipt of a finding of completion (the "Finding of Completion") issued by the DOF, the Successor Agency may spend the 2011 Project Proceeds in a manner permitted under HSC Section 34191.4.

H. The DOF issued a Finding of Completion to the Successor Agency on June 7, 2013, pursuant to HSC Section 34179.7

I. Pursuant to HSC Section 34191.4(c)(2)(A) and HSC Section 34191(c)(2)(C), the Successor Agency has determined to: (i) use 5 percent of the 2011 Project Proceeds for projects, and (ii) use the other 95 percent of the 2011 Project Proceeds to cause a redemption of a portion of the outstanding 2011 Bonds (the "Called Bonds").

J. Pursuant to Section 2.3 of the Indenture, 2011 Bonds maturing on or after August 1, 2017, are subject to redemption, in whole or in part, at the option of the Successor Agency on any date on or after August 1, 2016, at a redemption price equal to 100 percent of the principal of the 2011 Bonds to be redeemed, plus accrued interest thereon, upon notice sent by the Trustee to the Owners no less than 30 days (but not more than 60 days) before the redemption date.

K. The Successor Agency is delivering these Instructions in order to redeem the Called Bonds on \_\_\_\_\_, 2016 (the "Redemption Date") pursuant to Section 2.3(a) of the Indenture.

L. The Successor Agency's execution and delivery of these Instructions have been approved pursuant to Resolution No. OB \_\_\_\_\_, adopted by the Oversight Board on June 23, 2016 (the "OB Resolution").

M. The OB Resolution was [approved] [deemed approved] by the DOF pursuant to HSC Section 34179(h) on \_\_\_\_\_, 2016.

N. Pursuant to HSC Section 34177.5, the Successor Agency issued its Lemoore Redevelopment Project Series 2014 Tax Allocation Refunding Bonds (the "2014 Bonds") pursuant to an Indenture of Trust, dated as of June 1, 2014 (the "2014 Indenture"), by and between the Successor Agency and the Trustee.

O. The 2014 Bonds are "Parity Bonds" within the meaning of the Indenture.

P. In addition to the Reserve Account established under the Indenture, there has been established a debt service reserve account under the 2014 Indenture (the "2014 Reserve Account").

Q. Under the Indenture and the 2014 Indenture, the moneys in the Reserve Account held under the Indenture and the moneys in the 2014 Reserve Account, in sum, shall be maintained at an amount not less than the "Reserve Requirement," as defined in such indentures.

**INSTRUCTIONS:**

The Successor Agency hereby irrevocably instructs and directs the Trustee as follows:

**SECTION 1. Called Bonds and Redemption Payment; Sinking Account Payment Adjustment After Redemption.**

(a) The Called Bonds, the redemption price and the accrued interest to be paid to the Owners of the Called Bonds on the Redemption Date, are set forth below:

<b>2011 Bonds Maturing on August 1,</b>	<b>Principal Amount to be redeemed</b>	<b>Unpaid Accrued Interest to Redemption Date</b>	<b>Total Payment on Redemption Date</b>
2021	<i>[to be determined]</i>		
2024	<i>[to be determined]</i>		
2031	\$2,335,000		
2040	\$14,365,000		

(b) *[To be determined, if applicable:]* Pursuant to Section 2.3(b) of the Indenture, the sinking account payments on the 2011 Bonds maturing on August 1, 2024, after the redemption described herein, shall be as follows:

<b>Year (August 1)</b>	<b>Sinking Account Payment</b>
2022	
2023	
2024 (maturity)	

**SECTION 2. Notice of Redemption.** As soon as practicable (in no event later than 30 days before the Redemption Date), the Trustee shall send redemption notices, substantially in the form set forth in Exhibit A hereto, pursuant to Section 2.3(c) of the Indenture.

**SECTION 3. Deposit into Redemption Account.**

(a) On this date, the Successor Agency has caused to be transferred to the Trustee an amount of \$\_\_\_\_\_ from the 2011 Project Proceeds (which is approximately, but not less than, 95 percent of the total moneys on deposit in the Redevelopment Fund).

(b) Upon receipt, the Trustee shall deposit all of such 2011 Project Proceeds into the Redemption Account for application towards the redemption price payable to the Owners of the Called Bonds on the Redemption Date.

**SECTION 4. Transfers from Reserve Account.**

(a) The Successor Agency has determined that, upon the redemption of the Called Bonds, the Reserve Requirement will be \$\_\_\_\_\_. Based on the account statements from the Trustee, as [July 31, 2016], the balance in the Reserve Account held under the Indenture was \$\_\_\_\_\_ and the balance in the 2014 Reserve Account was \$\_\_\_\_\_.

(b) Based on the foregoing, the Trustee is hereby instructed to make the following transfers from the Reserve Account *on the Redemption Date*: (i) \$\_\_\_\_\_ to the Redemption Account for application towards the redemption price of the Called Bonds on Redemption Date, and (ii) \$\_\_\_\_\_ to the Interest Account for application towards the accrued interest to be paid to the Owners of the Called Bonds on the Redemption Date.

(c) Upon such transfers, the balance in the Reserve Account will be not less than \$\_\_\_\_\_, which together with the balance in the 2014 Reserve Account, will be sufficient to satisfy the Reserve Requirement after the redemption of the Called Bonds.

**SECTION 5. Compensation to Trustee.** The Successor Agency shall pay the Trustee full compensation for its services under these Instructions, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto; provided, that under no circumstances shall amounts deposited in or credited to the Redemption Account be deemed to be available for said purposes, and the Trustee has no lien upon or right of set off against the cash deposited in the Redemption Account and the Interest Account pursuant to these Instructions.

**SECTION 6. Execution in Counterparts.** These Instructions may be executed by the Successor Agency and accepted by the Trustee in counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same document.

**SUCCESSOR AGENCY TO THE LEMOORE REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
Executive Director

ACCEPTED:

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

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

**EXHIBIT A**

**FORM OF**

**NOTICE OF PARTIAL REDEMPTION**

**Lemoore Redevelopment Agency  
Lemoore Redevelopment Project  
2011 Tax Allocation Bonds**

**maturing on [August 1, 2021, ]August 1, 2024, August 1, 2031 and August 1, 2040**

This Notice is being given on behalf of the Successor Agency to the Lemoore Redevelopment Agency (the “Successor Agency”), as the successor to the former Lemoore Redevelopment Agency (the “Former Agency”), to the owners of the above-captioned bonds (the “Bonds”). Reference is made to the Indenture of Trust, dated as of February 1, 2011 (the “Indenture”), by and between the Former Agency and U.S. Bank National Association, as trustee (the “Trustee”).

The following Bonds have been called for redemption on \_\_\_\_\_, **2016** (the “**Redemption Date**”) pursuant to Section 2.3(a) of the Indenture:

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<b>Maturity Date (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>CUSIP†</b>
2021	\$ _____	6.000%	525720CW6
2024	_____*	6.625	525720CX4
2031	2,335,000	7.250	525720CY2
2040	14,365,000	7.375	525720CZ9

[\* Consist of a portion of the Bond maturing on August 1, 2024 (the “2024 Term Bond”). After this optional redemption, the sinking account payment with respect to the 2024 Term Bond will be: \$ \_\_\_\_\_ on August 1, 2022, \$ \_\_\_\_\_ on August 1, 2023, and \$ \_\_\_\_\_ on August 1, 2024.]

† Neither the Successor Agency nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness. It is included solely for convenience of the Owners of the Bonds.

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Pursuant to the Indenture, the Bonds will be redeemed at the redemption price of **100%** of the principal amount thereof, plus accrued interest to the Redemption Date, **without redemption premium**. Interest on the Bonds shall cease to accrue from and after the Redemption Date.



Owners of the Bonds should surrender the Bonds on the Redemption Date at the following address:

U.S. Bank National Association  
Global Corporate Trust Services  
111 Fillmore Avenue E.  
St. Paul, MN 55107

For Bonds surrendered by mail, the use of registered or certified mail is suggested.

*IMPORTANT NOTICE: Federal law requires the Trustee, as the paying agent, to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit [www.irs.gov](http://www.irs.gov) for additional information on the tax forms and instructions.*

**Dated: \_\_\_\_\_, 2016**

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

## 2011 BOND PROCEEDS FUNDING AGREEMENT

This 2011 BOND PROCEEDS FUNDING AGREEMENT (this “Agreement”), dated as of \_\_\_\_\_, 2016, is entered into by and between the City of Lemoore (the “City”) and the Successor Agency to the Lemoore Redevelopment Agency (the “Successor Agency,” and together with the City, the “Parties”).

### RECITALS:

A. The Lemoore Redevelopment Agency (the “Former Agency”) issued its Lemoore Redevelopment Project, 2011 Tax Allocation Bonds (the “2011 Bonds”), in the aggregate principal amount of \$19,150,000, pursuant to an Indenture of Trust, dated as of February 1, 2011 (the “Indenture”), by and between the Former Agency and U.S. Bank National Association, as trustee (the “Trustee”).

B. Pursuant to the Indenture, a portion of the proceeds of the 2011 Bonds was deposited into a Redevelopment Fund (established under the Indenture) intended to be used on redevelopment projects. The moneys deposited and maintained in the Redevelopment Fund are referred to herein as the “2011 Project Proceeds.”

C. Pursuant to AB X1 26 (which was enacted in June 2011) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former Agency, and an oversight board of the Successor Agency (the “Oversight Board”) was established.

D. AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the California Health and Safety Code (“HSC”). Such Parts 1.8 and 1.85, including amendments and supplements enacted after AB X1 26, are referred to herein as the “Dissolution Act.”

E. Pursuant to the Dissolution Act, all assets, properties and contracts of the Former Agency, including the unspent 2011 Project Proceeds, transferred to the control of the Successor Agency by operation of law.

F. In light of the timing of the enactment of AB X1 26 and the subsequent dissolution of the Former Agency, none of the 2011 Project Proceeds deposited in the Redevelopment Fund have been spent.

G. Pursuant to the Dissolution Act (as amended by SB 107 enacted in September 2015), after the Successor Agency’s receipt of a finding of completion (the “Finding of Completion”) issued by the DOF, the Successor Agency may spend the 2011 Project Proceeds in a manner permitted under HSC Section 34191.4.

H. The DOF issued a Finding of Completion to the Successor Agency on June 7, 2013, pursuant to HSC Section 34179.7.

I. Pursuant to HSC Section 34191.4(c)(2)(A) and HSC Section 34191(c)(2)(C), the Successor Agency has determined to: (i) use 5 percent of the 2011 Project Proceeds for projects, and (ii) use the other 95 percent of the 2011 Project Proceeds to cause a prepayment (by redemption) of a portion of the outstanding 2011 Bonds.

J. On \_\_\_\_\_, 2016, the Successor Agency has caused the transfer of \$ \_\_\_\_\_ from the 2011 Project Proceeds (which is approximately, but not less than, 95 percent of the total moneys on deposit in the Redevelopment Fund on such date) to the Trustee for the redemption of a portion of the 2011 Bonds.

K. The Successor Agency is entering into this Agreement with respect to the use of the remaining 2011 Project Proceeds (after the above-described transfer to the Trustee for redemption) for projects listed in Exhibit A hereto (the “Projects”).

L. In light of Successor Agency’s limited staffing, the City’s traditional role and established procedures for the awarding of public works contracts, and the timing needs with respect to the Projects, the Successor Agency desires to enter into this Agreement with the City, for the City to perform or cause to be performed the work required for the Projects, with payment therefor to be made from the remaining 2011 Project Proceeds.

M. This Agreement is in furtherance of the winding down of the Former Agency’s affairs, with respect to the expenditure of unspent bond proceeds as permitted under HSC Section 34191.4.

N. Pursuant to HSC Section 34177(a)(3), the Successor Agency may only make payments listed on an ROPS approved by the Oversight Board and the State Department of Finance (“DOF”).

O. The Oversight Board adopted Resolution No. OB \_\_\_\_\_ on June 23, 2016 (the “OB Resolution”) approving the Successor Agency’s execution and delivery of this Agreement.

P. The OB Resolution was [approved] [deemed approved] by the DOF pursuant to HSC Section 34179(h) on \_\_\_\_\_, 2016.

**NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:**

**Section 1.** Subject to the provisions of this Agreement and with the funding provided pursuant to this Agreement, the City agrees to perform or cause to be performed the work required for the Projects, including but not limited to the preparation of designs, plans and specifications and all demolitions, construction and installations. The City shall perform such work in accordance with all applicable federal, state and local laws, rules and regulations. Subject to the covenants set forth herein, the City shall have the sole discretion with respect to the design, planning, specification and the timing with respect to all components of the Projects.

**Section 2.** (a) When preparing the next ROPS after the execution and delivery of this Agreement (being the ROPS for the period from July 1, 2017 through June 30, 2018 (the “ROPS 17-18 Period”)), the Successor Agency shall list the transfer of all of the remaining 2011 Project Proceeds to the City.

. (b) As soon as practicable after the commencement of the ROPS 16-17 Period, the Successor Agency shall transfer the remaining 2011 Project Proceeds, as approved on ROPS 17-18, to the City.

**Section 3.** The City shall use the 2011 Project Proceeds transferred to it pursuant to this Agreement for costs of the Projects (or reimbursement to the City for any funds advanced for costs of the Projects) in a manner consistent with the covenants in the Indenture.

**Section 4.** To the extent the City still holds any 2011 Project Proceeds transferred pursuant to this Agreement after the completion of the Projects (as determined by the City Council), the City shall return such unspent 2011 Project Proceeds to the Successor Agency within a reasonable time after such determination.

**Section 5.** Each Party shall maintain books and records regarding its duties pursuant to this Agreement. Such books and records shall be available for inspection by the officers and agents of the other Party at all reasonable times.

**Section 6.** The Parties agree to take all appropriate steps and execute any documents which may reasonably be necessary or convenient to implement the intent of this Agreement.

**Section 7.** This Agreement may be amended from time to time by written instrument executed by both Parties.

**Section 8.** No official, agent, or employee of the Successor Agency or the City, or members of the City Council, or members of the Successor Agency Board of Directors or Oversight Board shall be individually or personally liable for any payment hereunder in the event of any default or breach by the Successor Agency or the City, or for any amount which may otherwise become due to the City or Successor Agency, or successor thereto, or on any obligations under the terms of this Agreement.

**Section 9.** This Agreement is made in the State of California under the Constitution and laws of the State of California, and is to be so construed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers.

**SUCCESSOR AGENCY TO THE LEMOORE  
REDEVELOPMENT AGENCY**

By \_\_\_\_\_  
Executive Director

ATTEST:

\_\_\_\_\_  
Board Clerk

**CITY OF LEMOORE**

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

## EXHIBIT A

### Description of Projects

1. The construction and installation of a new police dispatch center facility in the City
2. Any other programs and projects and activities of benefit to the Former Agency's Redevelopment Project, so long as the program or project is determined by the City to be consistent with the bond covenants under the Indenture.