



**NOTICE OF SPECIAL MEETING
OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE FORMER
REDEVELOPMENT AGENCY
OF THE CITY OF AZUSA**

NOTICE IS HEREBY GIVEN that a Special Meeting of the Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Azusa is scheduled for Thursday, June 4, 2015, at 10:00 A.M., in the Azusa Light & Water Conference Room, Located at: 729 N. Azusa Ave., Azusa, California.

Said meeting will be to discuss the following:

AGENDA

**SPECIAL MEETING OF THE AZUSA OVERSIGHT
BOARD OF THE SUCCESSOR AGENCY TO THE FORMER
REDEVELOPMENT AGENCY**

Azusa Light and Water Conference Room
729 North Azusa Avenue, Azusa, Ca 91702

THURSDAY	JUNE 4, 2015	10:00 A.M.
----------	--------------	------------

Oversight Board Members:

- Chairman Robert Gonzales, City of Azusa*
- Vice Chairman Vacant, Azusa Unified School District*
- Board Member Rachel Barbosa, County of Los Angeles*
- Board Member Wesly Miguel Hernandez, County of Los Angeles*
- Board Member Susan Paragas, City of Azusa*
- Board Member Raul Romero, San Gabriel Valley Municipal Water District*
- Board Member Barbara R. Dickerson, Azusa/Citrus Community College District*

A. PRELIMINARY BUSINESS.

1. Call to Order
2. Roll Call
3. Flag Salute

B. OATH OF OFFICE TO NEWLY APPOINTED BOARDMEMBER.

1. Assistant/Deputy City Clerk Hernandez to administer the Oath of Office to Ms. Rachel Barbosa, recently appointed by Supervisor Hilda Solis to serve on the Oversight Board.

C. PUBLIC COMMENT.

Persons who wish to speak during the Public Comment shall fill out a card requesting to speak and shall submit it to the City Clerk prior to the start of the meeting. Each person or representative of a group shall be allowed to speak without interruption for up to three (3) continuous minutes. Pursuant to the Brown Act (California Government Code, Section 54950 et seq.), no matter shall be acted upon by the Oversight Board unless listed on the agenda posted prior to the meeting.

D. SCHEDULED ITEMS.

1. **PROPOSED REFUNDING OF 2005, 2007A AND 2008B TAX ALLOCATION BONDS.**

Recommended Action:

Adopt Resolution OB-7-2015 Authorizing the issuance of refunding bonds by the Successor Agency; approving a form of first supplemental indenture, a form of bond purchase agreement and a form of continuing disclosure agreement, making certain determinations relating thereto; and authorizing certain other actions in connection therewith.

E. ADJOURNMENT.

1. Adjourn.

In compliance with Government Code Section 54957.5, agenda materials are available for inspection by members of the public at the following locations: Azusa City Clerk's Office - 213 E. Foothill Boulevard, Azusa City Library - 729 N. Dalton Avenue, and Azusa Police Department Lobby - 725 N. Alameda, Azusa, California. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a city meeting, please contact the City Clerk at 626-812-5229. Notification three (3) working days prior to the meeting when special services are needed will assist staff in assuring that reasonable arrangements can be made to provide access to the meeting.



OVERSIGHT BOARD SCHEDULED ITEM
D-1

TO: HONORABLE CHAIRPERSON AND MEMBERS OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF AZUSA

FROM: KURT E. CHRISTIANSEN, ECONOMIC AND COMMUNITY DEVELOPMENT DIRECTOR

DATE: JUNE 3, 2015

SUBJECT: PROPOSED REFUNDING OF 2005, 2007A AND 2008B TAX ALLOCATION BONDS

SUMMARY

On its May 18, 2015 meeting, the Successor Agency Board approved the refunding of the Azusa Redevelopment Agency (the “Original Agency”) Series 2005 (“2005”), Series 2007A (“2007A”) and 2008B (“2008B”) Tax Allocation bonds for interest rate savings opportunities. On its June 1, 2015 meeting, the Successor Agency Board approved the key financing documents and other actions so that the refinancing could move forward if approved by the Oversight Board and the State Department of Finance. This action requests the adoption of the Oversight Board Resolution OB-7-2015 approving the commencement of the issuance of refunding bonds, including the key financing documents, for the outstanding 2005, 2007A and 2008B Tax Allocation Bonds issued by the former Redevelopment Agency to achieve debt service savings.

RECOMMENDATION

It is recommended that the Oversight Board adopt Resolution No. OB-6-2015 taking the following actions:

- 1) Authorize the issuance of refunding bonds by the Successor Agency;
- 2) Approve a form of first supplemental indenture, a form of bond purchase agreement and a form of continuing disclosure agreement; making certain determinations relating thereto; and
- 3) Authorize certain other actions in connection therewith.

BACKGROUND

The former Redevelopment Agency of the City of Azusa issued \$9,022,800 of Tax Allocation Bonds in 2005 (the “2005 Bonds”), all of which remain outstanding, \$15,780,000 of Taxable Tax

Allocation Bonds in 2007 (the “2007A Bonds”), of which \$12.4 million are currently outstanding, and \$11,580,000 of Housing Tax Allocation Bonds in 2008 (the “2008B Bonds”) for the purpose of financing redevelopment activities. The 2005 Bonds have an interest rate of 4.5% on the bonds with a final maturity of August 1, 2034. The 2007A Bonds have an interest rate of 6.15% on the bonds with a final maturity of August 1, 2035. The 2008B Bonds have an interest rate of 7% on the bonds with a final maturity of August 1, 2038.

The Successor Agency to the former Redevelopment Agency of the City of Azusa (the “Successor Agency”) has assumed responsibility for repayment of the 2005, 2007A and 2008B Bonds from the Original Agency. Per AB 1484, the Successor Agency may refund existing bonds, with approval of the Oversight Board and the State Department of Finance, for the purpose of creating debt service savings.

DISCUSSION

The proposed 2015 Bonds will generate an estimated total debt service savings of \$7 million net of all costs of issuance; equal to approximately \$150,000 per year through 2023, \$550,000 per year from 2024 through 2029, \$450,000 per year from 2030 to 2034, and an average of \$100,000 per year from 2035 to 2038. The term of the 2015 Bonds will not exceed the existing term of the Bonds, and overall debt service will be reduced in each year until 2038, when the 2015 Bonds will be completely repaid.

The source of repayment of the 2015 Bonds would be limited to tax revenues (in amounts equivalent to the former tax increment revenues) and deposited by the County into the Successor Agency’s Redevelopment Property Tax Trust Fund.

The 2015 Bonds would not be a debt of the City, but a special limited obligation of the Successor Agency. Related costs of the Successor Agency will either be recovered through the 2015 Bond Proceeds if issued, or if not, through the ROPs process.

Pursuant to Health & Safety Code Section 34177.5(f), the Oversight Board may direct the Successor Agency to commence the issuance of the 2014 Bonds, and pursuant to subdivision (h) of Section 34179, the State Department of Finance may review such Oversight Board action.

This item will go to the State Department of Finance (“DOF”) upon approval by the Oversight Board. The DOF is allowed 60 days to review any actions of the Oversight Board to approve refunding bond issues, so assuming approval of the Oversight Board on June 3, the DOF would have until approximately August 3, 2015 to review the action by the Oversight Board.

SUMMARY OF DOCUMENTS

1. Indenture of Trust - these documents define the payment terms and conditions of the 2015 Bonds, and establish the funds and accounts that will be held by the Trustee, Wilmington Trust, on behalf of the Agency, including the debt service Reserve Accounts.
2. Purchase Contract - this document provides the terms and conditions by which the Underwriter, Stifel, Nicolaus & Company, Incorporated will purchase the 2015 Bonds.

By selling the Bonds on a negotiated basis to the Underwriter, the Agency will save an estimated \$10,000 of expenses that would otherwise be spent for costs associated with an advertised public sale of the Bonds.

3. Continuing Disclosure Certificate - the Disclosure Certificate defines the Agency's obligation to provide annual updates of information related to the Project Area and the tax increment revenues, for the benefit of the Bondholders and other interested parties, pursuant to federal regulations.

The forms of the financing and legal documents for the 2015 Bonds are on file with the City Clerk.

FISCAL IMPACT

The proposed 2015 Bonds will generate an estimated total debt service savings of \$7 million net of all costs of issuance; equal to approximately \$150,000 per year through 2023, \$550,000 per year from 2024 through 2029, \$450,000 per year from 2030 to 2034, and an average of \$100,000 per year from 2035 to 2038. The term of the 2015 Bonds will not exceed the existing term of the Bonds, and overall debt service will be reduced in each year until 2038, when the 2015 Bonds will be completely repaid.

The source of repayment of the 2015 Bonds would be limited to tax revenues (in amounts equivalent to the former tax increment revenues) and deposited by the County into the Successor Agency's Redevelopment Property Tax Trust Fund.

The 2015 Bonds would not be a debt of the City, but a special limited obligation of the Successor Agency. Related costs of the Successor Agency will either be recovered through the 2015 Bond Proceeds if issued, or if not, through the ROPs process.

Attachments:

1. *Resolution OB-6-2015: Oversight Board to the Successor Agency of the former Redevelopment Agency of the City of Azusa Approving the Issuance Tax Allocation Refunding Bonds, Series 2015*
2. *Indenture of Trust*
3. *Bond Purchase Contract*
4. *Continuing Disclosure Certificate*

RESOLUTION NO. OB-6-2015

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF AZUSA, 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 Health and Safety Code of the State of California and referred to herein as the “Law”), the City Council of the City of Azusa (the “City”) created the Redevelopment Agency of the City Azusa (the “Former Agency”); and

WHEREAS, the Former Agency 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 for any of its corporate purposes; and

WHEREAS, on November 6, 2003, the City adopted Ordinance No. 03-06 approving the Redevelopment Plan (the “Redevelopment Plan”) for the Amended and Restated Merged Central Business District and West End Redevelopment Project Area of the Redevelopment Agency of the City of Azusa (the “Project Area”); and

WHEREAS, the Redevelopment Plan contemplated that the Former Agency would issue its bonds to finance and/or refinance a portion of the cost of the redevelopment of the Project Area; and

WHEREAS, California Assembly Bill No. 26 (First Extraordinary Session) (“ABX1 26”) adopted on June 28, 2011, dissolved all redevelopment agencies and community development agencies in existence in the State of California, as of February 1, 2012, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies; and

WHEREAS, the City agreed to serve as the successor agency (referred to herein as the “Successor Agency”) to the Former Agency commencing upon the dissolution of the Former Agency on February 1, 2012 pursuant to ABX1 26; and

WHEREAS, on June 27, 2012 as part of the Fiscal Year 2012-13 State of California budget bill, the Governor signed into law Assembly Bill 1484 (“AB 1484”), which modified or added to some of the provisions of ABX1 26, including provisions related to the refunding of outstanding redevelopment agency bonds and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010; and

WHEREAS, the Oversight Board of the Successor Agency (the “Oversight Board”) is informed by the Successor Agency that the Former Agency has previously executed and

delivered the outstanding bonds identified in Exhibit A attached hereto (the “Outstanding Former Agency Bonds”); and

WHEREAS, California Health and Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds or other indebtedness to be refunded 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 refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, the Oversight Board is informed by the Successor Agency that the Successor Agency has determined, to the extent authorized by California Health and Safety Code Section 34177.5(a), to issue its Successor Agency to the Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area, Tax Allocation Refunding Bonds, in one or more series and with such other name and series designation as shall be deemed appropriate (the “Refunding Bonds”), for the purpose of (i) refunding all or a portion of the Outstanding Former Agency Bonds, (ii) paying the costs of issuing the Refunding Bonds, (iii) funding a reserve account and/or providing for a reserve policy or surety for deposit to the reserve account for the Refunding Bonds and (iv) if advisable, paying for the cost of municipal bond insurance and/or a surety to fund the reserve account for the Refunding Bonds in lieu of funding all or a portion of such reserve account with bond proceeds; and

WHEREAS, the Oversight Board is informed by the Successor Agency that the Refunding Bonds will be issued, payable from amounts on deposit in the Redevelopment Property Tax Trust Fund of the Successor Agency (the “RPTTF”) and allocated to the Successor Agency’s Redevelopment Obligation Retirement Fund, pursuant to an Indenture of Trust, dated as of October 1, 2014 (the “Indenture”), as supplemented by a First Supplemental Indenture (the “First Supplement”), by and between the Successor Agency and Wells Fargo Bank, N.A., as trustee (the “Trustee”); and

WHEREAS, the Oversight Board is informed by the Successor Agency that it has determined that any remaining proceeds of the Refunded Obligations (the “Prior Proceeds”) which are not intended to be spent by the Successor Agency in a manner consistent with the respective bond covenants for the Outstanding Former Agency Bonds giving rise to such Prior Proceeds and AB 1484, shall be used to defease and/or refund the applicable Outstanding Former Agency Bonds and/or to fund a debt service reserve account for the related Refunding Bonds; and

WHEREAS, the recovery of costs in connection with the proposed refunding transaction shall be supplemental to, and not constrained by, the administrative cost allowance as such allowance is defined in California Health and Safety Code Section 34171(b); and

WHEREAS, the Successor Agency has indicated that there are potential debt service savings that can be achieved through a refinancing all or a portion of the Outstanding Former Agency Bonds, and the Oversight Board is informed by the Successor Agency that it has determined to sell the Refunding Bonds to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) pursuant to a bond purchase agreement (the “Bond Purchase Agreement”) by and between the Successor Agency and the Underwriter, and the Successor Agency has found and determined 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

WHEREAS, in connection with the purpose stated above, the Successor Agency desires that the trustee(s) for the related Outstanding Former Agency Bonds to be refunded, as escrow agent(s) (the “Escrow Agent”), enter into a separate escrow agreement with respect to each of the Outstanding Former Agency Bonds to be refunded (each, an “Escrow Agreement”), pursuant to which the Successor Agency will provide the Escrow Agent with money and/or investment securities sufficient to prepay or redeem, as applicable, and refund all or a portion of the Outstanding Former Agency Bonds in accordance with the terms thereof; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 requires that, in order to be able to purchase or sell the Refunding Bonds, the Underwriter must have reasonably determined that the Successor Agency has undertaken in a written agreement or contract for the benefit of the holders of the Refunding 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 Successor Agency desires to execute one or more continuing disclosure certificates (each, a “Continuing Disclosure Certificate”) pursuant to which the Successor Agency will provide annual disclosure and notices in the event of certain enumerated events; and

WHEREAS, following approval of the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon approval by the California Department of Finance (the “Department of Finance”) of such approval by the Oversight Board, the Successor Agency will, with the assistance of bond counsel, disclosure counsel and its financial advisor, cause to be prepared a form of Official Statement describing the Refunding Bonds and containing material information relating to the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Underwriter to persons and institutions interested in purchasing the Refunding Bonds; and

WHEREAS, the Refunding Bonds, the Indenture, the Escrow Agreements, the Bond Purchase Agreement and the Continuing Disclosure Certificate are referred to in this Resolution as the “Primary Bond Documents”; and

WHEREAS, the Successor Agency has approved all matters relating to the issuance and sale of the Refunding Bonds; and

WHEREAS, the Oversight Board now desires to approve all matters relating to the issuance and sale of the Refunding Bonds as required by Sections 34177.5(f) and 34180 of the California Health and Safety Code;

NOW THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF AZUSA 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; Use of Prior Proceeds. The Primary Bond Documents, with such changes therein as the officer of the Successor Agency executing the same may require or approve, are hereby approved and the issuance of the Refunding Bonds 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 Oversight Board hereby further determines that remaining Prior Proceeds which are not intended to be spent by the Successor Agency in a manner consistent with the respective bond covenants for the Refunded Obligations and AB 1484, shall be used to defease and/or refund the applicable Outstanding Former Agency Bonds and/or to fund a debt service reserve account for the related Refunding Bonds.

The Successor Agency has filed with the Oversight Board a certified copy of its resolution adopted on June 1, 2015, 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 Outstanding Former Agency Bonds.

Section 3. Recovery of Costs. The Oversight Board hereby authorizes and approves the Successor Agency to recover reasonable related costs incurred in connection with this transaction, including the cost of Successor 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 Successor Agency is not able to issue the Refunding Bonds, the Successor 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 Successor Agency as such allowance is defined in California Health and Safety Code Section 34171(b).

The Successor 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 Refunding Bonds, Trustee fees and expenses, auditing, bond counsel, financial advisor and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Compliance Costs"), and such Compliance Costs shall be payable from property tax revenues pursuant to California Health and Safety Code Section 34183.

Section 4. 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.

Section 5. Effective Date. Pursuant to California Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the Department of Finance and, therefore, this Resolution shall be effective 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.

APPROVED AND ADOPTED THIS 4th day of June, 2015.

Robert Gonzales, Chairperson
Oversight Board
Successor Agency to the Former Redevelopment Agency
of the City of Azusa

ATTEST:

Juana Hernandez
Assistant/Deputy Secretary
Oversight Board
Successor Agency to the Former Redevelopment Agency
of the City of Azusa

I, HEREBY CERTIFY that the foregoing Resolution No. OB-6-2015 was duly adopted by the Board Members of the Oversight Board to the Successor Agency of the Former Redevelopment Agency of the City of Azusa, at a special meeting thereof held on the 4th day of June 2015, by the following vote of Board Members:

AYES: BOARD MEMBERS:
NOES: BOARD MEMBERS:
ABSTAIN: BOARD MEMBERS:
ABSENT: BOARD MEMBERS:

Jeffrey Lawrence Cornejo, Jr.
Secretary
Oversight Board
Successor Agency to the Former Redevelopment Agency
of the City of Azusa

EXHIBIT A

PRIOR FORMER AGENCY BONDS TO PROPOSED TO BE REFUNDED

(a) \$9,022,800 Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Tax Allocation Bonds 2005 Series A. (All still outstanding).

(b) \$11,580,000 Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Housing Tax Allocation Bonds 2008 Series B. (\$10,565,000 outstanding now with \$155,000 maturing on 8-1-15, a date prior to the anticipated refunding closing).

(c) \$15,780,000 Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Taxable Tax Allocation Bonds (Subordinate Lien) 2007 Series A. (\$12,920,000 outstanding now with \$505,000 maturing on 8-1-15, a date prior to the anticipated refunding closing).

FIRST SUPPLEMENTAL INDENTURE

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF AZUSA

TO

WELLS FARGO BANK, N.A.,

AS TRUSTEE

Dated as of [DATED DATE]

relating to

\$_____

**Successor Agency to the Redevelopment Agency of the City of Azusa
Amended and Restated Merged Central Business District
and West End Redevelopment Project Area
Tax Allocation Refunding Bonds**

including

\$_____
Series 2015A (Tax-Exempt)

\$_____
Series 2015B (Federally Taxable)

TABLE OF CONTENTS

		Page
ARTICLE I	SERIES 2015 BONDS; AMENDMENTS; MISCELLANEOUS	4
	SECTION 1.01 Authorization and Terms of Series 2015A Bonds	4
	SECTION 1.02 Form of Series 2015 Bonds.....	6
	SECTION 1.03 Terms of Redemption of Series 2015A Bonds	6
	SECTION 1.04 Application of Proceeds of Series 2015 Bonds.....	6
	SECTION 1.05 Amendments to Indenture.....	7
	SECTION 1.06 Continuing Disclosure	8
	SECTION 1.07 Terms of Series 2015 Bonds Subject to the Indenture.....	8
	SECTION 1.08 Provisions Relating to Bond Insurance.....	8
	SECTION 1.09 Due Authorization.....	16
	SECTION 1.10 Execution in Several Counterparts.....	16
	SECTION 1.11 Governing Law	16
APPENDIX A	Form of Series 2015 Bond	A-1

FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE (this “First Supplement”) is dated as of [DATED DATE], by and between the Successor Agency to the Redevelopment Agency of the City of Azusa, a public body, corporate and politic, organized and existing under, and by virtue of the laws of the State of California, as successor to the dissolved Redevelopment Agency of the City of Azusa (the “Successor Agency”), and Wells Fargo Bank, N.A., a national banking association organized and existing under the laws of the United States 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”);

WITNESSETH:

WHEREAS, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California), the City Council of the City of Azusa (the “City”) created the former Redevelopment Agency of the City of (the “Former Agency”); and

WHEREAS, the Former Agency 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 Community Redevelopment Law, and the powers of such agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, the City agreed to serve as the successor agency (referred to herein as the “Successor Agency”) to the Former Agency commencing upon the dissolution of the Former Agency on February 1, 2012 pursuant to Assembly Bill xl 26 (“AB 26”); and

WHEREAS, on June 27, 2012 as part of the Fiscal Year 2012-2013 State of California budget bill, the Governor signed into law Assembly Bill 1484 (“AB 1484”), which modified or added to some of the provisions of AB 26, including provisions related to the refunding of outstanding redevelopment agency bonds and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010; and

WHEREAS, Health & Safety Code Section 34177.5 authorizes successor agencies to refund outstanding bonds 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 refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, on November 6, 2003, the City adopted Ordinance No. 03-06 approving the Redevelopment Plan (the “Redevelopment Plan”) for the Amended and Restated Merged Central Business District and West End Redevelopment Project Area of the Redevelopment Agency of the City of Azusa (the “Project Area”); and

WHEREAS, the Redevelopment Plan contemplated that the Former Agency would issue its bonds to finance and/or refinance a portion of the cost of the redevelopment of the Project Area; and

WHEREAS, the Former Agency has heretofore authorized the issuance of \$9,022,800 Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Tax Allocation Bonds 2005 Series A (the Series 2005 Bonds”), all of which are currently Outstanding, for the purpose of financing portions of the redevelopment project, which Series 2005 Bonds were issued pursuant to the terms of (i) a Trust Indenture, dated as of August 1, 1986 (the “CBD Indenture”), by and between the Former Agency and Security Pacific National Bank, subsequently succeeded by Bank of America National Trust and Savings Association and further succeeded by Wells Fargo Bank, National Association as trustee (the “Series 2005 Trustee”), (ii) a Trust Indenture, dated as of August 1, 1986 (the “West End Indenture”), by and between the Former Agency and the Trustee, (iii) a First Supplement to Trust Indentures, dated as of May 1, 1992 (the “First Supplement”), by and between the Former Agency and the Trustee, (iv) a Second Supplement to Trust Indentures, dated as of March 1, 1994 (the “Second Supplement”), by and between the Former Agency and the Trustee, (v) a Third Supplement to Trust Indentures, dated as of September 1, 1997 (the “Third Supplement”), by and between the Former Agency and the Trustee, (vi) a Fourth Supplement to Trust Indentures, dated as of December 1, 2003 (the “Fourth Supplement”), by and between the Former Agency and the Trustee, and (vii) a Fifth Supplement to Trust Indentures (the “Fifth Supplement”) dated as of February 1, 2005, by and between the Former Agency and the Trustee. The CBD Indenture, the West End Indenture, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement and the Fifth Supplement, are collectively referred to herein as the “2005 Indenture;” and

WHEREAS, the Former Agency has heretofore authorized the issuance of \$15,780,000 Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Taxable Tax Allocation Bonds (Subordinate Lien) 2007 Series A (the “Series 2007A Bonds”), of which \$12,415,000 are currently outstanding for the purpose of financing portions of the redevelopment project, which Series 2007A Bonds were issued pursuant to the terms of a Trust Indenture, dated as of July 1, 2007 (the “2007 Indenture”), by and between the Former Agency and Wells Fargo Bank, National Association (the “Series 2007A Trustee”); and

WHEREAS, the Former Agency has heretofore authorized the issuance of \$11,580,000 Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Housing Tax Allocation Bonds 2008 Series B (the “Series 2008B Bonds”), of which \$10,410,000 are currently Outstanding, for the purpose of financing and refinancing portions of the redevelopment project, which Series 2008B Bonds were issued pursuant to the terms of a Trust Indenture, dated as of November 1, 2008 (the “2008 Indenture”), by and between the Former Agency and Wells Fargo Bank, National Association (the “Series 2008B Trustee”); and

WHEREAS, the Successor Agency authorized the issuance of not to exceed \$XX,000,000 aggregate principal amount of its Amended and Restated Merged Central Business District and West End Redevelopment Project Area, Tax Allocation Refunding Bonds, Series

2015A (Tax-Exempt) (the “Series 2015A Bonds”) for the purpose of refinancing the redevelopment project within the Project Area through the refunding of the Series 2005 Bonds and its Series 2008B Bonds; and

WHEREAS, the Successor Agency authorized the issuance of not to exceed \$YY,000,000 aggregate principal amount of its Amended and Restated Merged Central Business District and West End Redevelopment Project Area, Tax Allocation Refunding Bonds, Series 2015B (Federally Taxable) (the “Series 2015B Bonds,” and together with the Series 2015A Bonds, the “Series 2015 Bonds”) for the purpose of refinancing the redevelopment project within the Project Area through the refunding of portions of the Series 2007A Bonds; and

WHEREAS, the Successor Agency has determined to issue the Series 2015 Bonds pursuant to the Indenture of Trust, dated as of October 1, 2014 (the “Original Indenture”), by and between the Successor Agency and Wells Fargo Bank, N.A., as trustee (the “Trustee”), as amended by this First Supplement, and as hereinafter supplemented, the “Indenture”; and

WHEREAS, the Indenture provides that the Successor Agency may issue subsequent series of Additional Bonds from time to time by a Supplemental Indenture, subject to the conditions and limitations contained in the Law, as hereinafter defined, and in Section 3.05 of the Indenture, (collectively, the “Additional Bonds Provisions”); and

WHEREAS, the conditions and limitations contained in the Law and in the Additional Bonds Provisions of the Indenture have been satisfied or will be satisfied at the time of the issuance of the Series 2015 Bonds; and

WHEREAS, the Successor Agency has further determined that the amendments and supplements to the Indenture herein contained are necessary and desirable and can be made pursuant to Section 7.01 of the Indenture without the consent of any Bondholders and **without the consent of the Insurer**, to the extent required; and

WHEREAS, all things necessary to cause the Series 2015 Bonds, when authenticated by the Trustee and issued as in this First Supplement and the Original Indenture provided, to be legal, special obligations of the Successor Agency, enforceable in accordance with their terms, and to constitute this First Supplement and the Original Indenture a valid agreement for the uses and purposes herein set forth in accordance with their terms, have been done and taken, and the creation, execution and delivery of this First Supplement and the creation, execution and issuance of the Series 2015 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and outstanding under the Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the

Successor Agency does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

ARTICLE X

SERIES 2015 BONDS; AMENDMENTS; MISCELLANEOUS

SECTION 10.01 Authorization and Terms of Series 2015A Bonds.

(a) A series of Bonds to be issued under the Indenture is hereby created and such Bonds are designated as the “Successor Agency to the Redevelopment Agency, Amended and Restated Merged Central Business District and West End Redevelopment Project Area, Tax Allocation Refunding Bonds, Series 2015A (Tax-Exempt)” (herein called the “Series 2015A Bonds”). The aggregate principal amount of Series 2015A Bonds which may be issued and outstanding under this Indenture shall not exceed \$XX,000,000. The Series 2015A Bonds shall be dated _____, 2015 (herein the “Dated Date”), shall bear interest, at the rate and shall mature and become payable on August 1 in the year as to principal in the amount, as set forth below:

Year (August 1)	Principal Amount	Interest Rate Per Annum
2016		
2017		
2018		
2019		
2020		
2021		
2022		
....		
2038		

(b) A series of Bonds to be issued under the Indenture is hereby created and such Bonds are designated as the “Successor Agency to the Redevelopment Agency, Amended and Restated Merged Central Business District and West End Redevelopment Project Area, Tax Allocation Refunding Bonds, Series 2015B (Federally Taxable)” (herein called the “Series 2015B Bonds”). The aggregate principal amount of Series 2015B Bonds which may be issued and outstanding under this Indenture shall not exceed \$YY,000,000. The Series 2015B Bonds shall be dated the Dated Date, shall bear interest, at the rate and shall mature and become payable on August 1 in the year as to principal in the amount, as set forth below:

<u>Year (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2016		
2017		
2018		
2019		
2020		
2021		
2022		
....		
2035		

(c) Interest on the Series 2015 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2015 Bonds shall be issued as fully registered bonds in the denomination of \$5,000, or any integral multiple of \$5,000 (not exceeding the principal amount of the Series 2015 Bonds maturing at any one time). The Series 2015 Bonds shall be numbered as determined by the Trustee. The Series 2015 Bonds shall be initially registered in the name of Cede & Co. as nominee of DTC and shall be book-entry bonds. The Series 2015 Bonds shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from the 16th day of the month next preceding an Interest Payment Date to and including such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or unless such date of registration is on or before January 15, 2016, in which event they shall bear interest from their Dated Date; provided, however, that if, at the time of registration of any Series 2015 Bond, interest is then in default on the Outstanding Series 2015 Bonds, such Series 2015 Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2015 Bonds. Payment of interest on the Series 2015 Bonds due on or before the maturity or prior redemption of such Series 2015 Bonds shall be made to the person whose name appears on the bond registration books of the Trustee as the registered owner thereof, as of the close of business on the 15th day of the month next preceding the Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such registered owner at his address as it appears on such books or, upon written request received prior to the 15th day of the month preceding an Interest Payment Date of an Owner of at least \$1,000,000 in aggregate principal amount of Series 2015 Bonds, by wire transfer in immediately available funds to an account within the continental United States designated by such Owner.

Principal of and redemption premiums, if any, on the Series 2015 Bonds shall be payable upon the surrender thereof at maturity or the earlier redemption thereof at the principal corporate trust office of the Trustee. Principal of and redemption premiums, if any, and interest on the Series 2015 Bonds shall be paid in lawful money of the United States of America.

SECTION 10.02 Form of Series 2015 Bonds. The Series 2015 Bonds, the Trustee's certificate of authentication, and the form of assignment to appear thereon shall be in substantially the forms, respectively, attached hereto as Exhibit A with necessary or appropriate variations, omissions and insertions as permitted or required by the Indenture.

SECTION 10.03 Terms of Redemption of Series 2015A Bonds.

(a) Optional Redemption of Series 2015A Bonds.

[The Series 2015A Bonds due on or before August 1, 2025 shall not be subject to redemption before their respective stated maturities. Series 2015A Bonds maturing on or after August 1, 2026 shall be subject to redemption, as a whole or in part, as designated by the Successor Agency, or, absent such designation, pro rata among maturities, and by lot within any one maturity if less than all of the Series 2015A Bonds of a single maturity are to be redeemed, prior to their respective maturity dates, at the option of the Successor Agency, on any date on or after August 1, 2025, from funds derived by the Successor Agency from any source, at the redemption price of the principal amount of Series 2015A Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption.]

(b) Optional Redemption of Series 2015B Bonds.

(c) Sinking Account Redemption.

SECTION 10.04 Application of Proceeds of Series 2015 Bonds.

(a) Upon receipt of payment for the Series 2015A Bonds, the Trustee shall set aside and deposit (i) the net proceeds received from such sale and delivery of the Series 2015A Bonds in the amount of \$_____ (representing the net amount received by the Successor Agency, comprised of the par amount of the Series 2015A Bonds of \$XX,000,000, plus net original issue premium of \$_____, less Underwriter's discount in the amount of \$_____ [and less the amount of \$_____ wired by the Underwriter, on behalf of the Successor Agency, directly to the Series 2015 Bond Insurer to pay (A) the premium for the 2015 Policy related to the 2015 Insured Bonds and (B) the premium for the 2015 Reserve Policy]) and (ii) the amount of \$_____ (derived from remaining proceeds of the Refunded Bonds) transferred by the Trustee from the reserve fund established under the indenture providing for the issuance of the Refunded Bonds, in the following respective funds and accounts:

(i) The Trustee shall deposit the amount equal of \$_____ in the Expense Account in the Expense Fund, which Account is established in the Expense Fund, to pay costs incurred in connection with the issuance of the Series 2015A Bonds.

(ii) The Trustee shall deposit in the Reserve Account an amount equal to \$_____.

(iii) The Trustee shall deposit the amount of \$_____ in the Series 2015A Refunding Escrow.

(b) Upon receipt of payment for the Series 2015B Bonds, the Trustee shall set aside and deposit (i) the net proceeds received from such sale and delivery of the Series 2015B Bonds in the amount of \$_____ (representing the net amount received by the Successor Agency, comprised of the par amount of the Series 2015B Bonds of \$YY,000,000, plus net original issue premium of \$_____, less Underwriter's discount in the amount of \$_____ and less the amount of \$_____ wired by the Underwriter, on behalf of the Successor Agency, directly to the Series 2015 Bond Insurer to pay the premium for the 2015 Policy related to the 2015 Insured Bonds) and (ii) the amount of \$_____ (derived from remaining proceeds of the Refunded Bonds) transferred by the Trustee from the reserve fund established under the indenture providing for the issuance of the Refunded Bonds, in the following respective funds and accounts:

(i) The Trustee shall deposit the amount equal of \$_____ in the Expense Account in the Expense Fund, which Account is established in the Expense Fund, to pay costs incurred in connection with the issuance of the Series 2015B Bonds.

(ii) The Trustee shall deposit in the Reserve Account an amount equal to \$_____.

(iii) The Trustee shall deposit the amount of \$_____ in the Series 2015B Refunding Escrow.

SECTION 10.05 Amendments to Indenture.

(a) The following defined terms are added to, or amend terms contained in, Section 1.01 hereof:

Series 2015 Bond Insurer The term "Series 2015 Bond Insurer" with respect to the 2015 Insured Bonds is Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.]

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

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

Series 2015A Escrow Agreement The term "Series 2015A Escrow Agreement" means the Series 2015A Escrow Agreement, dated as [DATED DATE], between the Successor Agency and Wells Fargo Bank, N.A., as Escrow Bank.

Series 2015B Escrow Agreement The term "Series 2015B Escrow Agreement" means the Series 2015B Escrow Agreement, dated as [DATED DATE], between the Successor Agency and Wells Fargo Bank, N.A., as Escrow Bank.]

Law The term "Law" means (i) the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended) (ii) Parts 1.8 and 1.85 of Division 24 of the Health and Safety

Code of the State of California, as amended, and (iii) Article 11 of Chapter 3, Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended.

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

2015 Insured Bonds The Term “2015 Insured Bonds” means Series 2015A Bonds maturing on and after August 1, 20__.

2015 Policy The Term “2015 Policy” means the insurance policy issued by the Series 2015A Bond Insurer guaranteeing the scheduled payment of principal of and interest on the 2015 Insured Bonds when due.

[Series 2015A Refunding Escrow The term “Series 2015A Refunding Escrow” means the refunding escrow established pursuant to the Series 2015A Escrow Agreement.

Series 2015B Refunding Escrow The term “Series 2015B Refunding Escrow” means the refunding escrow established pursuant to the Series 2015B Escrow Agreement.]

(b) Section 5.12 of the Indenture is amended to read as follows:

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

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

(iii) No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Tax Code.

(iv) Maintenance of Tax-Exemption. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date. This covenant shall remain in full force and effect following defeasance of Bonds pursuant to Section 9.03.

(v) Rebate Requirement. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(1) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

The requirements of this Section shall not apply to any Bonds the interest on which is not intended to be excluded from the gross income of the owners for federal income tax purposes.

The Trustee shall have no duty to monitor the compliance by the Successor Agency with any of the covenants contained in this Section 5.12.

SECTION 10.06 Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed by the Successor Agency in connection with the issuance of the Series 2015 Bonds (the “Continuing Disclosure Agreement”). Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; *provided, however*, that the Trustee at the written direction of any underwriter or the Owners of at least 25% aggregate principal amount of Series 2015 Bonds, shall (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or any Owner or beneficial owner of the Series 2015 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

SECTION 10.07 Terms of Series 2015 Bonds Subject to the Indenture. Except as in this First Supplement expressly provided, every term and condition contained in the Indenture shall apply to this First Supplement and to the Series 2015 Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this First Supplement.

This First Supplement and all of the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby.

SECTION 10.08 Provisions Relating to Bond Insurance. [THE FOLLOWING ARE EXEMPLAR PROVISIONS RELATING TO INSURANCE] The following provisions of this Section shall govern, notwithstanding anything to the contrary set forth in the Indenture:

- (a) The prior written consent of the Series 2015 Bond Insurer shall be a condition precedent to the deposit of any Qualified Reserve Account Credit Instrument provided in lieu of a cash deposit into the Reserve Account, if any. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Reserve Account shall be applied solely to the payment of debt service due on the Bonds.
- (b) The Series 2015 Bond Insurer shall be deemed to be the sole holder of the 2015 Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2015 Insured Bonds insured by it are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the

Indenture and each 2015 Insured Bond, the Trustee and each 2015 Insured Bond Bondholder appoint the Series 2015 Bond Insurer as their agent and attorney-in-fact and agree that the Series 2015 Bond Insurer may at any time during the continuation of any proceeding by or against the Successor Agency under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each 2015 Insured Bond Bondholder delegate and assign to the Series 2015 Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each 2015 Insured Bond Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the 2015 Insured Bond Bondholders shall expressly include mandamus.

- (c) The security for the Bonds shall include a pledge of any agreement with any underlying obligor that is a source of payment for the Bonds and a default under any such agreement shall constitute an Event of Default under the Indenture.
- (d) If acceleration is permitted under the Indenture, the maturity of 2015 Insured Bonds insured by the Series 2015 Bond Insurer shall not be accelerated without the consent of the Series 2015 Bond Insurer and in the event the maturity of the 2015 Insured Bonds is accelerated, the Series 2015 Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 2015 Bond Insurer's obligations under the 2015 Policy with respect to 2015 Insured Bonds shall be fully discharged.
- (e) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Series 2015 Bond Insurer. No grace period shall be permitted for payment defaults.
- (f) The Series 2015 Bond Insurer shall be included as a third party beneficiary to the Indenture as it relates to matters impacting the 2015 Insured Bonds.
- (g) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2015 Bonds to be redeemed shall be subject to the approval of the Series 2015 Bond Insurer. The exercise of any provision of the Indenture which permits the purchase of 2015 Insured Bonds in lieu of redemption shall require the prior written approval of the Series 2015 Bond Insurer if any 2015 Insured Bond so purchased is not cancelled upon purchase.

- (h) Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document, including any underlying security agreement (each a “Related Document”), that requires the consent of Bondowners or adversely affects the rights and interests of the Series 2015 Bond Insurer shall be subject to the prior written consent of the Series 2015 Bond Insurer.
- (i) The rights granted to the Series 2015 Bond Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Series 2015 Bond Insurer in consideration of its issuance of the 2015 Policy. Any exercise by the Series 2015 Bond Insurer of such rights is merely an exercise of the Series 2015 Bond Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Series 2015 Bond Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Series 2015 Bond Insurer.
- (j) Only (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Series 2015 Bond Insurer, pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) subject to the prior written consent of the Series 2015 Bond Insurer, securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Bonds unless the Series 2015 Bond Insurer otherwise approves.

To accomplish defeasance, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Series 2015 Bond Insurer (“Accountant”) verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date (“Verification”), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Series 2015 Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer “Outstanding” under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency, Trustee and Series 2015 Bond Insurer. The Series 2015 Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed “Outstanding” under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

- (k) Amounts paid by the Series 2015 Bond Insurer under the 2015 Policy shall not be deemed paid for purposes of the Indenture and the 2015 Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Successor Agency in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2015 Bond Insurer have been paid in full or duly provided for.
- (l) Each of the Successor Agency and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the trust estate under applicable law.
- (m) Claims Upon the 2015 Policy and Payments by and to the Series 2015 Bond Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the 2015 Insured Bonds due on such Payment Date, the Trustee shall give notice to the Series 2015 Bond Insurer and to its designated agent (if any) (the “Series 2015 Bond Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2015 Insured Bonds due on such Payment Date, the Trustee shall make a claim under the 2015 Policy and give notice to the Series 2015 Bond Insurer and the Series 2015 Bond Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2015 Insured Bonds and the amount required to pay principal of the 2015 Insured Bonds, confirmed in writing to the Series 2015 Bond Insurer and the Series 2015 Bond Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2015 Policy.

The Trustee shall designate any portion of payment of principal on 2015 Insured Bonds paid by the Series 2015 Bond Insurer, whether by virtue of maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2015 Insured Bonds registered to the then current 2015 Insured Bond Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement 2015 Insured Bond to the Series 2015 Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement 2015 Insured Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any 2015 Insured Bond or the subrogation rights of the Series 2015 Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2015 Bond Insurer into the Policy Payments Account (defined below) and the

allocation of such funds to payment of interest on and principal of any 2015 Insured Bond. The Series 2015 Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the 2015 Policy, the Trustee shall establish a separate special purpose trust account for the benefit of 2015 Insured Bond Bondholders referred to herein as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the 2015 Policy in trust on behalf of 2015 Insured Bond Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to 2015 Insured Bond Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Successor Agency agrees to pay to the Series 2015 Bond Insurer (i) a sum equal to the total of all amounts paid by the Series 2015 Bond Insurer under the 2015 Policy (the “Series 2015 Bond Insurer Advances”); and (ii) interest on such Series 2015 Bond Insurer Advances from the date paid by the Series 2015 Bond Insurer until payment thereof in full, payable to the Series 2015 Bond Insurer at the Late Payment Rate per annum (collectively, the “Series 2015 Bond Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) 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 (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) 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. The Successor Agency hereby covenants and agrees that the Series 2015 Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the Pledged Tax Revenues and payable from such Pledged Tax Revenues on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Series 2015 Bond Insurer.

- (n) The Series 2015 Bond Insurer shall, to the extent it makes any payment of principal of or interest on the 2015 Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2015 Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Successor Agency to the Series 2015 Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

- (o) The Successor Agency shall pay or reimburse the Series 2015 Bond Insurer any and all charges, fees, costs and expenses that the Series 2015 Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2015 Bond Insurer to honor its obligations under the 2015 Policy. The Series 2015 Bond Insurer 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.
- (p) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Successor Agency or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Reserve Account to the Reserve Account Requirement.
- (q) The Series 2015 Bond Insurer shall be entitled to pay principal or interest on the 2015 Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Successor Agency (as such terms are defined in the 2015 Policy) and any amounts due on the 2015 Insured Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Series 2015 Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the 2015 Policy) or a claim upon the 2015 Policy.
- (r) The notice address of the Series 2015 Bond Insurer is: Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 215991-N, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”
- (s) The Series 2015 Bond Insurer shall be provided with the following information by the Successor Agency or Trustee, as the case may be:
 - (i) Annual audited financial statements within 180 days after the end of the Successor Agency’s fiscal year (together with a certification of the Successor Agency that it is not aware of any default or Event of Default under the Indenture), and the Successor Agency’s annual budget within 30 days after the approval thereof together with such other information, data or reports as the Series 2015 Bond Insurer shall reasonably request from time to time;

- (ii) Notice of any draw upon the Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Account Requirement and (ii) withdrawals in connection with a refunding of Bonds;
- (iii) Notice of any default known to the Trustee or Successor Agency within five Business Days after knowledge thereof;
- (iv) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;
- (v) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;
- (vi) Notice of the commencement of any proceeding by or against the Successor Agency commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”);
- (vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;
- (viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
- (ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

In addition, to the extent that the Successor Agency has entered into a continuing disclosure agreement, covenant or undertaking with respect to the 2015 Insured Bonds, all information furnished pursuant to such agreements shall also be provided to the Series 2015 Bond Insurer, simultaneously with the furnishing of such information.

- (t) The Series 2015 Bond Insurer shall have the right to receive such additional information as it may reasonably request.
- (u) The Successor Agency will permit the Series 2015 Bond Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the Series 2015 Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the Series 2015 Bond Insurer to have access to the facilities, books and records of the Successor Agency on any business day upon reasonable prior notice.

- (v) The Trustee shall notify the Series 2015 Bond Insurer of any failure of the Successor Agency to provide notices, certificates and other information under the transaction documents.
- (w) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Account is fully funded at the Reserve Account Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Series 2015 Bond Insurer.
- (x) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no 2015 Policy.
- (y) No contract shall be entered into or any action taken by which the rights of the Series 2015 Bond Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2015 Bond Insurer.
- (z) There shall be delivered an opinion of Bond Counsel addressed to the Series 2015 Bond Insurer (or a reliance letter relating thereto), or a certificate of discharge of the trustee for the Refunded Bonds, as defined in the Escrow Agreement, to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Refunded Bonds shall have occurred. An executed copy of each of such opinion and reliance letter, if applicable, or Trustee's discharge certificate, as the case may be, shall be forwarded to the Series 2015 Bond Insurer prior to delivery of the Bonds.
- (aa) Any interest rate exchange agreement ("Swap Agreement") entered into by the Successor Agency shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the Series 2015 Bond Insurer, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Bonds and on any debt on parity with the Bonds. The Successor Agency shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of the Series 2015 Bond Insurer prior to the payment of any such termination amount that such payment will not cause the Successor Agency to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by S&P and Moody's. If the counterparty or guarantor's rating falls below "A-" or "A3" by either

S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to the Series 2015 Bond Insurer. If the counterparty or the guarantor's long term unsecured rating falls below "Baa1" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to the Series 2015 Bond Insurer, shall be required.

SECTION 10.09 Due Authorization. The Successor Agency has reviewed all proceedings heretofore taken relative to the authorization of the Series 2015 Bonds and has found, as a result of such review, and does hereby find and determine, that the Successor Agency has duly and regularly complied with all applicable provisions of law and is duly authorized by law to issue the Series 2015 Bonds in the manner and upon the terms in the Indenture and this First Supplement provided and that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the issuance of the Series 2015 Bonds exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Successor Agency is now duly empowered to issue the Series 2015 Bonds.

SECTION 10.10 Execution in Several Counterparts. This First Supplement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Successor Agency and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 10.11 Governing Law. This First Supplement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF AZUSA has caused this First Supplement be signed in its name by its Authorized Officer, and WELLS FARGO BANK, N.A., in token of its acceptance of the trusts created hereunder, has caused this First Supplement be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF AZUSA

By: _____
Joseph Romero Rocha, Mayor

WELLS FARGO BANK, N.A., as Trustee

By: _____
Authorized Officer

EXHIBIT A**FORM OF SERIES 2015 BOND**

No. _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA****SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF AZUSA
AMENDED AND RESTATED MERGED CENTRAL BUSINESS DISTRICT
AND WEST END REDEVELOPMENT PROJECT AREA
SUBORDINATED TAX ALLOCATION REFUNDING BONDS,
[SERIES 2015A (TAX-EXEMPT) OR 2015B (FEDERALLY TAXABLE)]**RATE OF INTEREST MATURITY DATE ORIGINAL ISSUE DATE CUSIP

_____ %

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF AZUSA, a public entity duly existing under the laws of the State of California (the "Successor Agency"), for value received, hereby promises to pay (but only out of the Pledged Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to January 15, 2016, in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on February 1 and August 1 in each year, commencing February 1, 2016 (the "Interest Payment Dates"), until payment of such Principal

Amount in full. The Principal Amount hereof is payable upon presentation hereof at the principal corporate trust office of Wells Fargo Bank, N.A., as trustee (the "Trustee"), in Los Angeles, California or such other location as the trustee may designate. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Bonds, which written request is on file with the Trustee prior to any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date by wire transfer to an account of a financial institution within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the "Successor Agency to the Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area **Subordinate** Tax Allocation Refunding Bonds, Series 2015[___]" (the "Bonds") of an aggregate principal amount of \$___,000,000 all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of the 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 (the "Refunding Law") and the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"), and pursuant to an Indenture of Trust, dated as of October 1, 2014, by and between the Successor Agency and the Trustee, as supplemented by a First Supplemental Indenture, dated as of [DATED DATE], by and between the Successor Agency and the Trustee (collectively, the "Indenture"). The Successor Agency may issue or incur additional obligations on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all supplements thereto and to the Refunding Law and the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency to finance and refinance redevelopment activities of the Successor Agency. This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Pledged Tax Revenues derived by the Successor Agency from the Amended and Restated Merged Central Business District and West End Redevelopment Project Area in the City of Azusa (the "Project Area"), a duly designated redevelopment project under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, all of the Pledged Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest and premium (if any) on the Bonds and any such parity obligations. The Bonds and any such parity obligations are secured by a pledge on, security interest in and lien on the Pledged Tax Revenues

which is subordinate to or on a parity with the pledge, security interest and lien on the Pledged Tax Revenues in favor of certain outstanding obligations of the Successor Agency, as provided in the Indenture. Notwithstanding the foregoing, certain amounts out of Pledged Tax Revenues may be applied for other purposes as provided in the Indenture.

This Bond is not a debt of the County of Los Angeles, the State of California, or any of its political subdivisions, other than the Successor Agency, and neither said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties other than the Pledged Tax Revenues.

The rights and obligations of the Successor Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the Bond owners required to effect any such modification or amendment.

The Series 2015[___] Bonds may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from the proceeds of refunding bonds or other available funds, as provided in the Indenture.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said corporate trust office of the Trustee in Los Angeles, California or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

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

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

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

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF AZUSA has caused this Bond to be executed in its name and on its behalf with the facsimile signature of the Mayor of the City as Successor Agency and attested to by the facsimile signature of the City Clerk of the City as Successor Agency, all as of the Original Issue Date specified above.

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF AZUSA

By: _____
Joseph Romero Rocha
Mayor

ATTEST:

By: _____
Jeffrey Lawrence Cornejo, Jr.
City Clerk

STATEMENT OF INSURANCE

[Assured Guaranty Municipal Corp. (“AGM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on the Bonds to Union Bank, N.A., or its successor, as paying agent for the Bonds (the “Paying Agent”). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated: _____ WELLS FARGO BANK, N.A., as Trustee

By: _____

FORM OF ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____

_____ attorney, to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

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



BOND PURCHASE AGREEMENT

_____, 2015

Successor Agency to the Redevelopment Agency of the City of Azusa
 213 East Foothill Boulevard
 Azusa, CA 91702
 Attention: Susan Paragas, Finance Director

Subject: [\$ _____] Successor Agency to the Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Subordinate Tax Allocation 2015 Refunding Bonds, Series A and Series B

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) acting in its capacity as a principal and not as an agent or fiduciary, as agreed below, hereby offers to enter into this Bond Purchase Agreement (the “**Purchase Agreement**”) with the Successor Agency to the Redevelopment Agency of the City of Azusa (the “**Successor Agency**”), a public entity existing under and pursuant to the laws of the State of California (the “**State**”), whereby the Underwriter will purchase and the Successor Agency will sell the Bonds (as defined and described below).

The Underwriter is making this offer subject to the acceptance by the Successor Agency at or before 5:00 P.M., Pacific Time, on the date hereof. If the Successor Agency accepts this Purchase Agreement, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind the Successor Agency and the Underwriter. The Underwriter may withdraw this Purchase Agreement upon written notice delivered by the Underwriter to the authorized officers of the Successor Agency at any time before the Successor Agency accepts this Purchase Agreement.

Terms used but not defined in this Purchase Agreement are defined in the Indenture (as defined below).

1. Purchase and Sale. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the Successor Agency, and the Successor Agency hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the following bonds: \$[_____] aggregate principal amount of the Successor Agency to the Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Subordinate Tax Allocation Refunding Bonds, 2015 Series A (the “**2015 Series A Bonds**”), at the purchase price of \$[_____], representing the aggregate principal amount of the Bonds less an Underwriter’s discount of \$[_____] plus original issue premium of \$[_____] and 2015 Series B (the “**2015 Series B Bonds**”, collectively, with the 2015 Series A Bonds, the “**2015 Bonds**”), at the purchase price of \$[_____], representing the aggregate principal amount of the Bonds less an Underwriter’s discount of \$[_____] plus original issue premium of \$[_____].



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 2

The Successor Agency expressly acknowledges and agrees that:

(i) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Successor Agency and the Underwriter and the Underwriter has financial and other interests that differ from those of the Successor Agency;

(ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is acting solely as a principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor or fiduciary to neither the Successor Agency and has not assumed any advisory or fiduciary responsibility to the Successor Agency with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Successor Agency on other matters);

(iii) the only obligations the Underwriter has to the Successor Agency with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement;

(iv) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Successor Agency and the Underwriter; and

(v) the Successor Agency has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent deemed appropriate.

2. Purpose, Terms, Security for the Bonds; Authorization.

(i) *Purpose of Bonds.* The proceeds of the sale of the Bonds will be used to (i) refinance the Prior Bonds as provided above; (ii) satisfy the Reserve Requirement for the Bonds, and (iii) pay certain costs and expenses incident to the issuance of the Bonds.

(ii) *Obligations refunded.* The Successor Agency previously issued its

(i) \$9,022,800 Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Tax Allocation Bonds 2005 Series A, (the "**2005 Bonds**")

(ii) \$15,780,000 Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Taxable Tax Allocation Bonds (Subordinate Lien) 2007 Series A (the "**2007 Bonds**").

(iii) \$11,580,000 Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Housing Tax Allocation Bonds 2008 Series Bonds (the "**2008 Series B Bonds**").

The 2005 Bonds, the 2007 Bonds and the 2008 Bonds are referred to as the "**Prior Bonds**." On the date of issuance of the Bonds, a portion of the proceeds will be transferred to the Trustee for deposit into the



Successor Agency to the Redevelopment Agency of the City of Azusa

___, 2015

Page 3

redemption fund established for each series of the Prior Bonds to allow for the refunding as set forth in the Preliminary Official Statement.

(iii) *Terms.* The Bonds shall be issued and secured under and pursuant to a 2015 Supplement to the Indenture of Trust dated as of October 1, 2014 (the “**Indenture**”) between the Successor Agency and Wells Fargo Bank, National Association, as trustee (the “**Trustee**”). The Bonds shall be dated the date of delivery. The Bonds shall mature in the years, bear interest, be purchased at the prices and be subject to optional and mandatory redemption at the times and in the amounts, all as set forth in Schedule I attached hereto. The Authorized Denominations, Record Dates, Interest Payment Dates, Sinking Fund Payment Dates, and other details and particulars of the Bonds shall be as described in the Indenture and the Official Statement (as defined below).

(iv) *Security.* The Bonds are payable from and secured by Pledged Tax Revenues (as defined in the Preliminary Official Statement annexed hereto as Exhibit B) allocable to the Successor Agency from the Project Area (as defined in the Preliminary Official Statement) and certain funds and accounts established pursuant to the Indenture.

(v) *Authorization.* The Bonds have been authorized pursuant to the provisions of the Dissolution Law (Section 34177.5 authorizes the Successor Agency to issue bonds pursuant to Article II (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “**Refunding Law**”) for the purpose of achieving debt service savings within the parameters set forth in said Section 34177.5) and a resolution adopted by the Successor Agency on ___ __, 2015 (the “**Resolution**”).

3. Public Offering. The Underwriter agrees to make a *bona fide* public offering of the Bonds at a price not in excess of the initial offering price or prices or yields not less than the yields set forth on the inside cover page of the printed paper form of the Official Statement; *provided, however*, the Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds, and may offer and sell the Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter at prices lower than the public offering prices or yields greater than the yields set forth therein. The Underwriter shall provide to the Successor Agency a certificate setting forth the offering prices of the Bonds in substantially the form set forth on Exhibit A.

4. Delivery of the Official Statement and Other Documents.

(a) The Successor Agency has delivered or caused to be delivered to the Underwriter copies of the Preliminary Official Statement dated _____, 2015, which, together with the cover page and appendices thereto is herein referred to as the “**Preliminary Official Statement**.” It is acknowledged by the Successor Agency that the Underwriter may deliver the Preliminary Official Statement and a final Official Statement (as hereinafter defined) electronically over the internet and in printed paper form. For purposes of this Purchase Agreement, the printed paper form of the Preliminary Official Statement and the Official Statement are deemed controlling. The Successor Agency deem the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”) and approved for distribution by resolution of the Successor Agency, except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) thereof.



Successor Agency to the Redevelopment Agency of the City of Azusa

____, 2015

Page 4

(b) Within seven (7) business days from the date hereof, and in any event not later than two business days before the Closing Date, the Successor Agency shall deliver to the Underwriter a final Official Statement relating to the Bonds dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the Successor Agency, Bond Counsel and the Underwriter, is referred to herein as the "Official Statement") and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the Municipal Securities Rulemaking Board ("**MSRB**") and to meet potential customer requests for copies of the Official Statement.

The Underwriter agrees to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the Successor Agency, with the MSRB on its Electronic Municipal Markets Access ("**EMMA**") system. Authorized officers of the Successor Agency shall execute the Official Statement. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Successor Agency shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Underwriter. The Underwriter hereby agrees to cooperate and assist in the preparation of the Official Statement. The Successor Agency hereby agree to deliver to the Underwriter an electronic copy of the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission ("**SEC**"). The Successor Agency hereby ratifies, confirms and approves the use and distribution by the Underwriter before the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriter to use the Official Statement and the Indenture in connection with the public offering and sale of the Bonds.

(c) In order to assist the Underwriter in complying with Rule 15c2-12 will undertake, pursuant to the Continuing Disclosure Agreement, dated as of the Closing Date (the "**Continuing Disclosure Agreement**"), by and between the Trustee, as dissemination agent (the "Dissemination Agent"), to provide annual financial information and notices of the occurrence of specified events. A description of the Continuing Disclosure Agreement is set forth in, and a form of such agreement is attached as Appendix E to, the Preliminary Official Statement and the Official Statement.

5. Representations, Warranties and Covenants of the Successor Agency. The Successor Agency hereby agrees with, and makes the following representations and warranties to the Underwriter, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(a) The Successor Agency is a public entity validly existing under the constitution and laws of the State, and has, and, at the Closing Date will have, full legal right, power, and authority pursuant to its Resolution to enter into this Purchase Agreement, to execute and deliver the Bonds, the Indenture, the Irrevocable Refunding Escrow Agreement between the Successor Agency and Wells Fargo Bank, National Association, as escrow agent (the "**Escrow Agent**"), the Continuing Disclosure Certificate and this Purchase Agreement (collectively, the "Agency Documents"), to issue, sell, and deliver the Bonds as provided herein and pursuant to the Indenture, and to carry out and to consummate the transactions contemplated by the Successor Agency Documents and the Official Statement;



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 5

(b) On and as of the date hereof and at all times during the period from the date hereof to and including the date which is 25 days following the end of the underwriting period (the "Update Period"), the information in the Official Statement with respect to the Successor Agency and its affairs does not and will 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 the light of the circumstances under which they were made, not misleading;

(c) The Successor Agency has complied, and at the Closing will be in compliance, in all respects, with the Act;

(d) By official action of the Successor Agency prior to or concurrently with the acceptance hereof, the Successor Agency has duly authorized and approved the distribution of the Preliminary Official Statement and the execution, delivery, and distribution of the Official Statement, and has duly authorized and approved the issuance and sale of the Bonds upon the terms set forth herein and in the Indenture and the Official Statement, and the execution and delivery of, and the performance by the Successor Agency of the obligations on its part contained in the Successor Agency Documents;

(e) The Successor 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 loan agreement, note, resolution, agreement, or other instrument to which the Successor Agency is a party or is otherwise subject; and the issuance, sale and delivery of the Bonds upon the terms set forth herein and in the Indenture and the Official Statement, and the execution and delivery by the Successor Agency of the Successor Agency Documents, and its compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under its governing its governing documents or instruments, the Act, or any law, administrative regulation, judgment, decree, indenture, loan agreement, note, resolution, agreement, or other instrument to which the Successor Agency is a party or is otherwise subject;

(f) All approvals, consents, and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to the performance by the Successor Agency of its obligations hereunder and under the Successor Agency Documents, the issuance of the Bonds, and the execution and delivery by the Successor Agency of the Successor Agency Documents have been obtained or will be obtained prior to the Closing;

(g) The Bonds, when issued, authenticated, and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be the legal, valid, and binding limited obligations of the Successor Agency, issued in conformity with and entitled to the benefit and security of the Indenture;

(h) The terms and provisions of the Indenture will comply in all respects with the requirements of the Act and, when executed and delivered by the parties thereto, the Successor Agency Documents will constitute the legal, valid, and binding obligations of the Successor Agency enforceable in accordance with their terms except as the same may be limited by bankruptcy, insolvency, reorganization, and other laws affecting creditors' rights generally from time to time in effect, and rights of acceleration, indemnity, and contribution, and the availability of equitable remedies may be limited by equitable principles;



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 6

(i) There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, pending or, to the knowledge of the Successor Agency, threatened against the Successor Agency, affecting the existence of the Successor Agency or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the issuance, sale, or delivery of the Bonds or the collection of the revenues or assets pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Successor Agency Documents or contesting in any way the completeness or accuracy of the Preliminary Official statement or the Official Statement, or any amendment or supplement thereto, or contesting the power or authority of the Successor Agency to issue the Bonds or to execute and deliver the Successor Agency Documents, or wherein an unfavorable decision, ruling, or finding would materially adversely affect the validity or enforceability of the Successor Agency Documents;

(j) The proceeds received from the sale of the Bonds shall be used in accordance with the Act and the Indenture and as set forth in the Official Statement;

(k) Any certificate signed by an authorized officer of the Successor Agency and delivered to the Underwriter shall be deemed a representation and warranty of the Successor Agency to the Underwriter as to the statements made therein;

(l) The Successor Agency shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter;

(m) The Successor Agency shall not amend, terminate, or rescind, and will not agree to any amendment, termination, or rescission of the Resolution or the Successor Agency Documents without the prior written consent of the Underwriter prior to the Closing Date;

(n) The information relating to the Successor Agency in the Preliminary Official Statement, as of its date and as of the date hereof, was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(o) The information relating to the Successor Agency in the Official Statement is, as of its date, and at all times after the date of the Official Statement up to and including the Closing Date will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(p) The Successor Agency shall promptly advise the Underwriter by written notice of any matter arising or discovered after the date of this Agreement and prior to the Closing Date that if existing or known at the date hereof would render any of the representations or warranties set forth herein to be untrue or misleading or might adversely affect the correctness or completeness of any statement of a material fact regarding the Successor Agency contained in the Official Statement; or any developments that affect the accuracy and completeness of the key representations (within the meaning of Rule 15c2-12) regarding the Successor Agency contained in the Official Statement, which may occur during the Update Period;



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 7

(q) The Successor Agency shall advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds;

(r) Prior to the Closing Date, the Successor Agency shall not create, assume, or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds, or interests which will be pledged pursuant to the Indenture;

(s) The Successor Agency shall not voluntarily undertake any course of action inconsistent with satisfaction of the requirements applicable to the Successor Agency as set forth in this Agreement;

(t) The Successor Agency shall cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate;

(u) The Successor Agency shall not knowingly take or omit to take any action which, under existing law, may adversely affect the exemption from state income taxation or the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(v) The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions described in the Preliminary Official Statement;

(w) The Department of Finance of the State (the "Department of Finance") has issued a Final and Conclusive Determination Letter (the "Final and Conclusive Determination Letter") approving the issuance of the bonds and the payment of debt service on the Bonds for the term of the Bonds. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement. Except as disclosed in the Preliminary Official Statement, the Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Agency pursuant to Section 34183 of the Dissolution Act.

All representations, warranties and agreements of the Successor Agency shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on the Underwriter's behalf, and shall survive the delivery of the Bonds.

6. Closing. At 10 A.M., Pacific Time, on _____, 2015, or at such other time or date as the Underwriter and the Successor Agency may mutually agree upon as the date and time of the Closing (the "Closing Date"), the Successor Agency will deliver or cause to be delivered to the Underwriter, at the offices of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel") Los Angeles, California, or at such other place as the parties may agree upon, the Bonds, through the facilities of The Depository Trust Company, California, California ("**DTC**"), duly executed and authenticated, and the other documents specified in Section 8. The payments set forth herein and delivery, together with the delivery of the aforementioned documents, is called the "**Closing**."



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 8

At the Closing,

(a) upon satisfaction of the conditions herein specified, the Underwriter shall accept the delivery of the Bonds, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Successor Agency and

(b) the Successor Agency shall deliver or cause to be delivered the Bonds to the Underwriter through the facilities of DTC in definitive or temporary form, duly executed by the Successor Agency and in the authorized denominations as specified by the Underwriter at the Closing.

The Bonds shall be made available to the Underwriter at least one business day before the Closing Date for purposes of inspection.

7. Conditions Precedent. The Underwriter has entered into this Purchase Agreement in reliance upon the respective warranties, representations and agreements of the Successor Agency contained herein and the performance by the Successor Agency of its obligations hereunder, both as of the date hereof and as of the Closing Date.

(a) The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(i) The representations and warranties of the Successor Agency contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(ii) At the time of the Closing, the Official Statement, the Resolution, the Successor Agency Documents 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 Underwriter.

(iii) The Successor Agency shall perform or have performed all of its obligations required under or specified in the Resolution, the Successor Agency Documents and the Official Statement to be performed at or prior to the Closing.

(iv) The Successor Agency shall have delivered to the Underwriter final Official Statements by the time, and in the numbers, required by Section 4 of this Purchase Agreement.

(v) As of the date hereof and at the time of Closing, all necessary official action of the Successor Agency relating to the Successor Agency Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(vi) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the Successor Agency, the Act, the Resolution, the Successor Agency Documents, Pledged Tax Revenues as the foregoing matters are described in the Official Statement, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the Bonds.



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 9

(vii) At or prior to the Closing, the Underwriter shall receive the following documents (in each case with only such changes as the Underwriter shall approve):

(1) The approving opinion of Bond Counsel, addressed to the Successor Agency, the Trustee and the Underwriter, dated the Closing Date, substantially in the form attached as Appendix D to the Official Statement;

(2) The supplemental opinion of Bond Counsel, addressed to the Successor Agency and the Underwriter, dated the Closing Date, to the effect that:

(A) This Purchase Agreement has been duly executed and delivered by the Successor Agency and is a legal, valid and binding obligation of the Successor Agency, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(B) The statements contained in the Official Statement under the captions: "Introduction", "The Bonds" (except matters under "Book Entry System"), "The Financing Plan," "Security for the Bonds", "Series A Bonds Sources and Uses of Funds", "Limitations on Tax Revenues" and "Tax Matters," insofar as such statements expressly summarize the provisions of the Bonds, the Indenture and the opinion of Bond Counsel attached as Appendix D to the Official Statement, and the statements describing the Indenture contained in Appendix E of the Official Statement insofar as such statements summarize the provisions of the Bonds, the Indenture and the opinion of Bond Counsel, are fair and accurate in all material respects; and

(C) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Indenture is exempt from qualification pursuant to the Indenture of Trust Act of 1939, as amended (the "Indenture of Trust Act");

(3) The opinion of counsel to the Successor Agency, addressed to the Underwriter, the Trustee and the Successor Agency, dated the Closing Date, and in form and substance satisfactory to the Underwriter, to the effect that:

(A) There is no action, suit, or proceeding or investigation at law or in equity before or by any court, public board, or body pending, or, to the knowledge of such counsel, threatened against or affecting the Successor Agency to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of revenues pledged under the Indenture, or in any way contesting or affecting the



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 10

- power of the Successor Agency relating to the issuance or validity of the Bonds or the execution, delivery, and performance by the Successor Agency of the Successor Agency Documents, including the assignment of any payments to the Trustee pursuant to the Indenture;
- (B) No event affecting the Successor Agency has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that it is necessary to disclose therein in order to make the statements and information therein with respect to the Successor Agency not misleading in any material respect; the Successor Agency is a body corporate and politic constituting a public corporation and public instrumentality of the State duly created and existing under the constitution and laws of the State;
- (C) The Successor Agency has full legal right, power, and authority to enter into the Successor Agency Documents, including any assignment of any payments to the Trustee pursuant to the Indenture, and to issue the Bonds and apply the proceeds thereof pursuant to the Indenture;
- (D) The Successor Agency has duly authorized, executed, and delivered the Successor Agency Documents and, assuming due authorization, execution, and delivery by the other parties thereto, each constitutes the legal, valid, and binding agreement of the Successor Agency enforceable in accordance with its respective terms, except as enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium, or other laws affecting the enforcement of rights of creditors generally and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law), and compliance with the provisions of each thereof will not conflict with or constitute a violation or breach of or default under any existing law or administrative rule or regulation, or, to the best of the knowledge of such counsel, any court order or decree, or any agreement, contract, or other instrument to which the Successor Agency is a party or is otherwise subject or bound; the distribution of the Preliminary Official Statement and the execution, delivery, and distribution of the Official Statement have been duly authorized by the Successor Agency;
- (E) No approval or other action is required to be obtained by the Successor Agency from any governmental authority or agency in connection with the issuance and sale of the Bonds, or the execution by the Successor Agency of the Successor Agency Documents or the Official Statement which has not already been



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 11

obtained or taken, except that the offer and sale of the Bonds in certain jurisdictions may be subject to compliance with the provisions of the securities or blue sky laws of such jurisdictions (as to which no opinion need be expressed);

- (F) The Official Statement has been duly executed and delivered by the Successor Agency; and
- (G) The Resolution of the Successor Agency approving and authorizing the issuance and sale of the Bonds, and the execution and delivery of the Successor Agency Documents and the Official Statement were duly adopted at one or more meetings of the Successor Agency that were called and held pursuant to all applicable laws and regulations, and with all public notice required by all applicable laws and regulations and at which a quorum was present and acting throughout;

(4) A certificate, dated the Closing Date, signed by an authorized officer of the Successor Agency to the effect that:

(a) the representations and agreements of the Successor Agency contained herein are true and correct in all material respects as of the date of the Closing;

(b) the Successor Agency Documents have been duly authorized and executed and are in full force and effect;

(c) except as described in the Official Statement, no litigation is pending or, to his or her knowledge, threatened

(i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds,

(ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Resolution or any Agency Document,

(iii) in any way contesting the creation, existence or powers of the Successor Agency or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Bonds, or

(iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Successor Agency or the transactions contemplated by the Official Statement or any Agency Document; and

(d) the information relating to the Successor Agency in the Official Statement 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



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 12

therein, in the light of the circumstances under which they were made, not misleading insofar as it related to the Successor Agency;

(5) Prior to or concurrently with the acceptance of this Purchase Agreement, there shall be delivered to the Underwriter a letter of representations to the effect that:

(a) they are independent auditors within the meaning of Rule 101 of the Code of Professional Ethics and the Rules of Conduct of the American Institute of Certified Public Accountants with respect to the Agency; and

(b) they agree to the inclusion of their reports dated _____, 2014 and the audited financial statements of the Successor Agency for the fiscal year ended 2014 included as Appendix B to the Official Statement;

(6) Executed or certified copies of the Indenture;

(7) Executed or certified copies of each of the other Agency Documents;

(8) A certified copy of the Resolution;

(9) Evidence satisfactory to the Underwriter of the assignment of the rating of “____” by Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies (“**Standard & Poor’s**”) on the Bonds (the “**Bond Rating**”);

(10) A certificate of Urban Futures, Inc., dated the date of the Closing, addressed to the Successor Agency and the Underwriter, in form and substance acceptable to the Underwriter, certifying as to the accuracy of APPENDIX C—“REPORT OF FISCAL CONSULTANT” and the information in the Official Statement under the caption “THE PROJECT AREA” consenting to the inclusion of such firm’s Financial Advisor Report in the Preliminary Official Statement and the Official Statement, and stating that to the best of such firm’s knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm’s attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report;

(11) A certificate of an authorized officer of the Trustee, as trustee, dated as of the Closing Date, to the effect that:

(a) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to the Underwriter;

(b) the Trustee is duly authorized to enter into the Indenture and to authenticate and deliver the Bonds to the Underwriter pursuant to the Indenture;



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 13

(c) when delivered to and paid for by the Underwriter at the Closing, the Bonds will have been duly authenticated and delivered by the Trustee;

(d) to the best knowledge of the Trustee, the execution and delivery of the Indenture and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Indenture, nor will any such execution, delivery, adoption 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 the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and

(e) to the best of the knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to or upon the order of the Underwriter;

(f) certificate regarding compliance with continuing disclosure;

(12) Evidence that a Form 8038 relating to the Bonds has been executed by the Successor Agency and will be filed with the Internal Revenue Service (the "IRS") within the applicable time limit;

(13) A certified copy of the resolution of the Oversight Board approving the issuance of the Bonds by the Agency;

(14) A certificate of the Clerk to the Oversight Board to the effect that the resolution is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption;



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 14

(15) Copies of the preliminary and final notices to the California Debt and Investment Advisory Agency relating to the Bonds;

(16) A copy of the Final and Conclusive Determination Letter;

(17) Certificate of County Auditor Controller regarding tax increment calculations and no “clawbacks”

(18) A copy of the Successor Agency’s executed Blanket Letter of Representation to The Depository Trust Company; and

(19) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, counsel for the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Successor Agency with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations and warranties of the Successor Agency herein contained and the due performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency and all conditions precedent to the issuance of additional Bonds pursuant to the Indenture shall have been fulfilled.

8. Termination. If the Successor Agency shall be unable to satisfy the conditions of the Underwriter’s obligations contained in this Purchase Agreement or if the Underwriter’s obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Underwriter at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Underwriter to the Successor Agency in writing or by telephone confirmed in writing. If this Purchase Agreement is so terminated, neither the Successor Agency nor the Underwriter shall have any further obligations hereunder, except as set forth in Sections 9 and 12 hereof. The performance by the Successor Agency of any and all of the conditions contained in this Purchase Agreement for the benefit of the Underwriter may be waived by the Underwriter.

(a) The Underwriter shall also have the right, before the time of Closing, to cancel its obligations to purchase the Bonds, by written notice by the Underwriter to the Successor Agency , if between the date hereof and the time of Closing:

(i) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Underwriter, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(ii) The market for the Bonds or the market prices of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the professional judgment of the Underwriter, by:

(1) An amendment to the Constitution of the United States or the State shall have been passed or legislation shall have been introduced in or enacted by the Congress



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 15

of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or state authority, with respect to federal or California state taxation upon revenues or other income of the general character to be derived by the Successor Agency or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Underwriter, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Successor Agency, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by the State; or

(2) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(3) The declaration of a general banking moratorium by federal, New York or California authorities; or

(4) A default with respect to the debt obligations of the Successor Agency or the State or any political subdivision thereof or proceedings under the bankruptcy laws of the United States or of the State shall have been instituted by the Successor Agency or any agency or political subdivision of the State;

(5) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

(6) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 16

(7) There shall be in force the general suspension of trading on any national securities exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any national exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(iii) Legislation enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the Successor Agency or obligations of the general character of the Bonds are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Indenture of Trust Act; or

(iv) Any change in or particularly affecting the Successor Agency, the Act, the Resolution, the Successor Agency Documents, Revenues as the foregoing matters are described in the Official Statement, which in the professional judgment of the Underwriter impairs, in any way, the investment quality of the Bonds; or

(v) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, or the execution and delivery of any of the Successor Agency Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Indenture of Trust Act, each as amended and as then in effect; or

(vii) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Resolution, the Successor Agency Documents or the existence or powers of the Successor Agency in connection with their respective obligations thereunder; or

(viii) A reduction or withdrawal, or the failure by any rating agency rating the Bonds or the Agency of the Bond Rating.

9. Indemnification.



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 17

(a) The Successor Agency shall indemnify and hold harmless, to the extent permitted by law, the Underwriter and its respective directors, officers, employees and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act, against any and all losses, claims, expenses, damages or liabilities, joint or several, (a) to which any such Underwriter indemnitee may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses claims, damages or liabilities (or actions in respect thereof) arise out of a breach of any of the Successor Agency's respective representations included in this Purchase Agreement (including a breach the result of which would require in connection with a public offering of the Bonds any security to be registered under the Securities Act or any indenture to be qualified under the Indenture of Trust Act of 1939, as amended), or arise out of or are based upon any untrue statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or any amendment or supplement to either, or arise out of or are based upon the omission to state therein a material fact which is necessary in order to make the statements made therein, in the light of the circumstances in which they were made, not misleading, except such indemnification shall not extend to statements in the Preliminary Official Statement or the Official Statement under the caption "UNDERWRITING," and (b) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Successor Agency (which consent shall not be unreasonably withheld); and will reimburse any legal or other expenses reasonably incurred by any such Underwriter indemnitee in connection with investigating or defending any such loss, claim, damage, liability or action. This indemnity agreement shall not be construed as a limitation on any other liability which the Successor Agency may otherwise have to any Underwriter indemnitee.

(b) The Underwriter shall indemnify and hold harmless, to the extent permitted by law, the Successor Agency and their respective directors, officers, members, employees and agents and each person who controls the Successor Agency within the meaning of Section 15 of the 1933 Act, against any and all losses, claims, expenses, damages or liabilities, joint or several, to which such Agency or REMOVE indemnitee may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such indemnitee for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereof, under the caption "UNDERWRITING." This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriter may otherwise have to any indemnitee. The liability of the Underwriter under this Section 10 shall not exceed the amount of its compensation under this Purchase Agreement.

(c) For purposes of subsection (a) or (b) above, an "Indemnified Party" means an Underwriter indemnitee or an Agency indemnitee as the context dictates and an "Indemnifying Party" means the Successor Agency or the Underwriter who is under the obligation to indemnify an Indemnified Party under this Section 10. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 18

by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to manage the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and the reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an Indemnified Party under subsection (a), (b) or (c) above, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of the losses, claims, damages, liabilities or expenses referred to in subsections (a), (b), or (c) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Successor Agency on the one hand and the Underwriter on the other from the offering of the Bonds or (ii) if the allocation provided by clause (i) above is not permitted by applicable law in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Successor Agency, or the Underwriter in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses as well as any other relevant equitable considerations. The Successor Agency, and the Underwriter agree that it would not be just and equitable if contribution pursuant to this subsection were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection. The relative benefits received by the Successor Agency on the one hand and the Underwriter on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Successor Agency relative to the total underwriting discounts and commissions received by the Underwriter. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Successor Agency or the Underwriter and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an Indemnified Party as a result of the losses, claims, damages, liabilities or expenses referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any action or claim which is the subject to this subsection (d). Notwithstanding the provisions of this subsection (d), the Underwriter shall not have any obligation under this subsection to contribute an amount in excess of the amount of its compensation under this Purchase Agreement. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.



Successor Agency to the Redevelopment Agency of the City of Azusa

____, 2015

Page 19

10. Amendments to Official Statement. During the period commencing on the Closing Date and ending 25 days from the end of the underwriting period, the Successor Agency shall advise the Underwriter if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or "potential customer" (as defined for purposes of Rule 15c2-12). If any such event occurs and in the reasonable judgment of the Underwriter, the Successor Agency, an amendment or supplement to the Official Statement is appropriate shall, at its expense, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) that will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser or "potential customer," not misleading. If such notification shall occur after the Closing Date, the Successor Agency shall provide such additional legal opinions, certificates, instruments, and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

11. Expenses. The Underwriter shall be under no obligation to pay expenses associated with the issuance of the Bonds except as expressly provided in this Section 11 and the Successor Agency shall pay from available funds or direct the Trustee under the Indenture to pay from the proceeds of the Bonds (to the extent permitted under applicable law) or from other funds of the Successor Agency, certain expenses set forth in this Section which are incidental to the performance of the Successor Agency's obligations hereunder, including but not limited to: all expenses in connection with the printing of the Preliminary Official Statement, the Official Statement, and any amendment or supplement to either thereof; all expenses in connection with the printing, issuance, and delivery of the Bonds; the fees and disbursement of Bond Counsel, Successor Agency's Counsel, Underwriter's Counsel, auditors; the fees and disbursements of the Trustee, and its respective counsel; all expenses in connection with obtaining a rating for the Bonds; all expenses of the Successor Agency in connection with the preparation, printing, execution, and delivery, and any recording or filing required by Bond Counsel, of the Indenture, the Continuing Disclosure Agreement, this Bond Purchase Agreement, and any Financing Statement or notice with respect thereto; the Successor Agency's administrative fees; and all other expenses and costs including, but not limited to, transportation, lodging, meals and entertainment) incident to its obligations in connection with the authorization, issuance, sale, and distribution of the Bonds.

The Underwriter will pay the Underwriter in connection with the public offering and distribution of the Bonds, including CDIAAC fees.

12. Use of Documents. The Successor Agency hereby authorize the Underwriter to use, in connection with the public offering and sale of the Bonds, this Purchase Agreement, the Preliminary Official Statement, the Official Statement, the Successor Agency Documents, and the information contained herein and therein.

13. Qualification of Securities. The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request 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 as the Underwriter may designate and to provide for the continuance of such qualification.



Successor Agency to the Redevelopment Agency of the City of Azusa

_____, 2015

Page 20

14. Notices. Any notice or other communication to be given to the Successor Agency under this Purchase Agreement may be given by delivering the same in writing to City of Azusa, 213 East Foothill Boulevard, Azusa, California 91702 and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to Stifel, 515 S. Figueroa Street, Suite 1800, Los Angeles, California 90071.

15. Benefit. This Purchase Agreement is made solely for the benefit of the Successor Agency and the Underwriter (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Successor Agency contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds hereunder; or (iii) any termination of this Purchase Agreement, other than pursuant to Section 9.

16. Attorneys' Fees. In the event of a dispute arising under this Purchase Agreement, the prevailing party shall have the right to collect from the other party its reasonable costs and necessary disbursements and attorneys' fees incurred in enforcing this Purchase Agreement.

17. Governing Law. THIS PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO CHOICE OF LAW RULES.

18. Counterparts. This Purchase Agreement may be executed in several counterparts, each

(Signature page follows. Remainder of page intentionally left blank.)

of which shall be deemed an original hereof.

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
as Underwriter

By: _____
John Solarczyk
Managing Director and Authorized Signatory

Accepted and agreed to on ____ __, 2015

SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF AZUSA

By: _____
Joseph Romero Rocha, Mayor and Authorized Signatory

(Signature page to Bond Purchase Agreement. Remainder of page intentionally left blank.)



SCHEDULE I

Principal Amounts, Interest Rates and Prices
Optional and Mandatory Redemption

[\$ _____] **Serial Bond**

Maturity	Principal	Interest Rate	Price
-----------------	------------------	----------------------	--------------

<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Price</u>
------------------------	-------------------------	-----------------------------	---------------------

Redemption

Optional Redemption. The Bonds shall be subject to call and redemption prior to maturity, at the option of the Agency, as a whole or in part, on any date on or after August 1 in the year set forth in the Indenture, among maturities and amounts as described therein.

Sinking Fund Redemption. The Bonds maturing on _____, _____, are subject to mandatory sinking fund redemption prior to maturity on _____, _____ from mandatory sinking fund payments equal to the principal amount in the principal amounts as set forth in the Indenture, with accrued interest to date set for redemption, without premium as set forth in the Indenture.



Exhibit A

FORM OF ISSUE PRICE CERTIFICATE

This Certificate is furnished by Stifel Nicolaus & Company, Inc. as underwriter (the “Underwriter”), of the \$_____ stated principal amount of the Successor Agency to the Redevelopment Agency of the City of Azusa Amended and Restated Merged Central Business District and West End Redevelopment Project Area Subordinate Tax Allocation 2015 Refunding Bonds, ~~2015~~-Series A (and Series B (collectively, the “Bonds”). The Underwriter hereby certifies and represents the following, based upon the information available to it:

1. Issue Price.

1.1 As of the date a purchase agreement was signed with respect to the Bonds (the “Sale Date”), we reasonably expected that the first prices at which the Bonds would be sold to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriter or wholesalers) in a bona fide public offering would be the prices listed on *Schedule A*.

1.2 In our opinion, and based upon our estimate as of the Sale Date, the initial offering prices of the Bonds set forth in Schedule A are within a reasonable range of, and should reflect, the fair market prices for such Bonds.

1.3 As of the Sale Date, all of the Bonds have actually been offered to the general public at the prices listed in *Schedule A*.

1.4 As of the Sale Date at least 10% of each maturity of the Bonds were first sold [or reasonably expected to be sold] to the general public at the prices referred to in *Schedule A* [, with the exception of the following maturities: _____].

2. Reserve Fund.

The funding of the Reserve Fund as provided in the Tax Certificate is reasonably required, was a vital factor in marketing the Bonds, facilitated the marketing of the Bonds at an interest rate comparable to that of bonds and other obligations of a similar type and is not in excess of the amount necessary for such purpose.

3. [Credit Enhancement]

3.1 [The present value of the amounts paid [to obtain the Credit Enhancement (as defined in the Tax Certificate) is less than the present value of the interest reasonably expected to be saved as a result of having the Credit Enhancement, using the yield on the Bonds as the discount factor for this purpose.]

3.2 [To the best knowledge of the undersigned, the amount paid by the Issuer to the Credit Enhancer for the Credit Enhancement is within a reasonable range of premiums charged for comparable credit enhancement for obligations comparable to the obligation evidenced and represented by the Bonds.]

3.3 [The fees paid and to be paid to obtain the Credit Enhancement were determined in arm's-length negotiations and were required as a condition to the issuance by the Credit Enhancer of the Credit Enhancement.]

3.4 [To the best of knowledge of the undersigned, the fees paid and to be paid for the Credit Enhancement represent a commercially reasonable charge for the transfer of credit risk. Such fees do not



include any direct or indirect payment for a cost, risk or other element that is not customarily borne by guarantors of tax-exempt bonds in transactions in which the guarantor has no involvement other than as guarantor. No non-guarantee services are being provided by the Credit Enhancer.]

We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Bond Counsel.

Nothing herein represents our interpretation of any laws or regulations under the Internal Revenue Code of 1986, as amended.

Dated: _____

STIFEL NICOLAUS & COMPANY, INC., as underwriter

By: _____
John Solarczyk, Managing Director

By: _____
Print name:
Print title:

Schedule A to Issue Price Certificate



Exhibit B
to Bond Purchase Agreement
PRELIMINARY OFFICIAL STATEMENT

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Successor Agency to the Redevelopment Agency of the City of Azusa (the “Agency”) in connection with the issuance of \$_____ aggregate principal amount of Successor Agency of the Amended and Restated Merged Central Business District and West End Redevelopment Project Area Subordinate Tax Allocation Refunding Bonds, 2015 Series A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust (the “Original Indenture”), dated as of October 1, 2014, as supplemented by the First Supplemental Indenture, dated as of _____ 1, 2015 (the “First Supplement,” and together with the Original Indenture, the “Indenture”), each by and between the Agency and Wells Fargo Bank, N.A., as trustee (the “Trustee”). The Agency covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (“S.E.C.”) Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“City” means the City of Azusa.

“Dissemination Agent” shall mean the Agency, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

“MSRB” shall mean 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 (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) 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 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than January 15 of each year commencing with the report for the 2014-15 fiscal year (which shall be January 15, 2015), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure

Certificate; provided, 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 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 give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If the Agency is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Agency shall send or cause to be sent to the MSRB a notice in the other form as prescribed or acceptable to the MSRB.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Agency), file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Agency's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the Agency for the preceding fiscal year either as a separate audit of the Agency or as a combined statement with the City's comprehensive audited financial report, prepared in accordance with generally accepted accounting principles and the laws of the state of California, including all statements and information prescribed for inclusion therein by the Governmental Accounting Standards Board. If the audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the Agency, the Annual Report shall also include the following:

(b) Principal amount of Bonds outstanding.

(c) Agency outstanding debt, including without limitation any Parity Bonds and subordinate debt.

(d) Information regarding total assessed valuation of taxable properties within the Project Area, as set forth in Table 1 of the Official Statement of the Agency, dated _____, 2015 (the "Official Statement"), if and to the extent provided to the Agency by the County of Los Angeles (the "County").

(e) Information regarding the top ten (10) tax payers within the Project Area, as set forth in Table 4 of the Official Statement, if and to the extent provided to the Agency by the County.

(f) Information regarding assessment appeals by large taxpayers and the estimated loss on appeal as shown in Table 5 in the Official Statement.

(g) Debt service coverage on the Bonds for the most recently completed fiscal year in substantially the form of Table 10 of the Official Statement; no projected coverage needs to be presented.

(h) Information on the total amount of tax increment allocated to the Successor Agency and the annual maximum amount of tax increment which may be received by the Successor Agency.

Any or all of the items listed above may be set forth in one or a set of documents or 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 available to the public on the MSRB's website. The Agency shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, 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:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. 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);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), 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) The Agency shall give, or cause to be given, 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:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bondholders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; or

7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the Issuer determines would be material under applicable federal securities laws, the Agency shall within ten (10) Business Days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Agency.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment 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 should 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. 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 Certificate, the Agency shall have no obligation under this Certificate 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 11. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of San Bernardino or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2015.

SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF AZUSA

By _____
Troy L. Butzlaff, ICMA-CM, City Manager