

**Oversight Board of the
City of Garden Grove as Successor Agency to the
Garden Grove Agency for Community Development**

INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	Kingsley Okereke
Dept:	Director	Dept:	Finance
Subject:	ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF 2013 REFUNDING BONDS AND RELATED CONSULTANT AGREEMENTS TO REFINANCE DEPARTMENT OF FINANCE RECOGNIZED AND APPROVED DEBT OF THE GARDEN GROVE SUCCESSOR AGENCY FOR COMMUNITY DEVELOPMENT		
		Date:	November 13, 2013

OBJECTIVE

The purpose of this report is to request that The Oversight Board of the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development ("Oversight Board") adopt a Resolution authorizing and approving the refinancing of the 2003 Tax Allocation Bonds.

BACKGROUND

Since the dissolution of redevelopment went into effect on February 1, 2012, the Successor Agency has completed all of the requirements of both ABx1-26 and AB-1484, the statutes governing redevelopment dissolution. On May 9, 2013, the Successor Agency submitted its request to the Department of Finance (DOF) for a Finding of Completion. The DOF letter approving the Finding of Completion was received on May 15, 2013.

Having received the Finding of Completion, the Successor Agency submitted its Oversight Board approved Long Range Property Management Plan to the DOF as outlined in AB-1484 on May 29, 2013. It is currently being reviewed.

With these major redevelopment dissolution milestones reached, the Successor Agency is now able to refinance existing Successor Agency debt to provide savings to the taxing entities.

DISCUSSION

Approximately \$42.345 million of the 2003 Tax Allocation Bonds ("2003 TAB") are outstanding as of June 30, 2013 with interest rates ranging from 2.25% to 5.25%.

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Refunding these bonds in the current low interest rate environment would yield significant savings.

The Successor Agency is requesting the Oversight Board's approval to refinance the 2003 TAB as it would reduce the Successor Agency's draw on the Redevelopment Property Tax Trust Fund ("RPTTF"), making more money available over time to the Taxing Entities through the Recognized Obligation Payment Schedule process.

It is anticipated that the debt will be structured to provide level debt service payments through the financing period. The essential financial analysis was prepared by the City's Financial Advisor, Springstead Incorporated, and Underwriter, Mitsubishi UFJ Securities (USA), Inc., and is attached as Attachment 2. The analysis indicates that the refunding of the 2003 TABs will yield a net present value benefit of over 10%, and a net present value cash flow savings of approximately \$4.60 million assuming a 3.768% (all interest cost) factor.

An authorizing resolution of the Successor Agency was approved on November 12, 2013, which formally authorizes the assembling of the financing team that includes a Financial Advisor, Bond Counsel, Disclosure Counsel, Fiscal Agent, Trustee, Verification Agent, and an Underwriter who will be responsible for preparing, marketing and actually selling the debt. Staff deems the following actions appropriate and necessary under the circumstances with respect to each team member.

- Financial Advisor

Staff has been working with Bill Reynolds, of Springstead Incorporated as the Financial Advisor to research and assemble the financial analysis supporting this bond issue. A consultant agreement with Springsted, approved by the Successor Agency is attached (Attachment 3) for Oversight Board approval.

- Bond Counsel

Staff intends to use the Law Offices of Stradling Yocca Carlson & Rauth ("SYCR") as the Bond Counsel for this issuance. SYCR currently acts as Special Counsel to the Successor Agency and has worked with the City and the former Redevelopment Agency on previous bond and certificate of participation issuances.

- Disclosure Counsel

The law firm of Jones Hall has been engaged to act as disclosure counsel for this bond refunding.

- Underwriter

Staff intends to use Marc Hughes of Mitsubishi UFJ Securities (USA), Inc. as the Underwriter for this issuance. Mitsubishi is a subsidiary of Union Bank, NA. Union Bank currently has an outstanding loan of approximately \$27,333,333 to the Successor Agency and also provides banking services to the City.

Following approval by the Oversight Board, the bond refunding will be submitted to the DOF for review and approval. Upon approval by the DOF, staff will be prepared to move forward with the bond refunding.

APPROVAL OF 2003 TAB REFINANCE

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FINANCIAL IMPACT

Coverage analysis on the refunding indicates coverage in excess of two-times over the life of the bonds. Cash flow analysis on the refunding of the 2003 bonds show actual principal and interest savings (cash flow savings) of about \$5.99 million over the life of the bonds.

RECOMMENDATION

Staff recommends the Oversight Board:

- Adopt the attached Resolution authorizing the issuance of refunding bonds for the 2003 Tax Allocation Bonds
- Authorize the Director to transmit said Resolution and to the Department of Finance for approval
- Authorize the Director to execute a contract with Springsted Incorporated, and appoint same as the Successor Agency's financial advisor for this assignment as described herein
- Authorize the Director to appoint Stradling Yocca Carlson & Rauth as the bond counsel for this assignment as described herein
- Authorize the Director or his designee to enter into all other necessary agreements to assemble the financing team including Underwriter, Trustee, Fiscal Agent, etc. to effectively ready the issuance of the refunding bonds



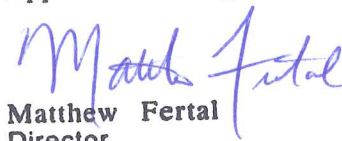
KINGSLEY OKEREKE
Finance Director



By: Jim DellaLonga
Senior Project Manager

Attachment 1: Resolution
Attachment 2: Bond Refunding Analysis
Attachment 3: Consultant Agreement

Approved for Agenda Listing



Matthew Ferial
Director

RESOLUTION NO. ____

RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS BY THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Garden Grove Agency for Community Development (the "Prior Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the "Law"), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for a redevelopment project known and designated as the Garden Grove Community Project (the "Redevelopment Project") has been adopted and approved by the City of Garden Grove and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Prior Agency has previously issued its 2003 Tax Allocation Refunding Bonds (Garden Grove Community Project) (the "2003 Bonds") in the original principal amount of \$57,025,000 for the purpose of refinancing other indebtedness of the Prior Agency and to finance redevelopment activities of the Prior Agency for the Redevelopment Project; and

WHEREAS, the Prior Agency has previously entered into a Credit Agreement with Union Bank of California, N.A., dated as of June 2, 2008 providing for a loan to the Agency in the amount of up to \$32 million (the "2008 Loan"), which 2008 Loan is secured by certain tax increment revenues of the Prior Agency for the Redevelopment Project; and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill"); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the Prior Agency being dissolved as of February 1, 2012; and

WHEREAS, the powers, assets and obligations of the Prior Agency were transferred on February 1, 2012 to the Successor Agency to the Garden Grove Agency for Community Development (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency to refund outstanding bonds for the purpose of reducing debt service and to finance enforceable obligations pursuant to California Health and Safety Code Section 34177.5; and

WHEREAS, the Successor Agency wishes at this time to issue bonds, in the principal amount of not to exceed Forty-Five Million Dollars (\$45,000,000) (the "2013 Bonds"), secured by a pledge of property tax revenues authorized by California Health and Safety Code Sections 34177.5, subdivisions (a), and/or Section 34177.5(g) to refund the 2003 Bonds in their entirety, all to the extent feasible on a parity with the 2008 Loan, and all pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code provided the debt service savings test of Section 34177.5(a) (the "Savings Test") is met; and

WHEREAS, the Successor Agency has previously approved all matters relating to the issuance and sale of the 2013 Bonds by resolution, a copy of which has been supplied to the Oversight Board (the "Successor Agency Resolution"); and

WHEREAS, the Oversight Board desires to approve all matters relating to the issuance and sale of the 2013 Bonds as required by Sections 34177.5(f) and 34180 of the Health and Safety Code of the State of California.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, AS FOLLOWS:

1. Each of the foregoing recitals is true and correct.
2. The issuance by the Successor Agency to the Garden Grove Agency for Community Development of the 2013 Bonds in an aggregate principal amount of not-to-exceed Forty-Five Million Dollars (\$45,000,000) for the purpose set forth in the recitals hereof is hereby authorized and approved in accordance with the terms of the Successor Agency Resolution (including without limitation compliance with the Savings Test of California Health and Safety Code Section 34177.5(a)(1)), and (i) the Successor Agency's acceptance of bond issuance and/or a surety for reserve and existing related reimbursement obligations in accordance with the Successor Agency Resolution and (ii) the acceptance of the Union Bank Consent in accordance with the Successor Agency Resolutions, are also hereby approved.
3. Pursuant to the provisions of California Health and Safety Code Section 34177.5(f), the Successor Agency is expressly authorized to recover its related costs in connection with the transaction approved hereby, irrespective of whether the 2013 Bonds are issued.
4. To the extent the Successor Agency Director determines, based on the advice of Bond Counsel, that the sale of the 2013 Bonds will be facilitated by a judgment supporting the validity of the 2013 Bonds, the issuance of the 2013 Bonds may be made subject to a prior judicial determination of the validity of the 2013 Bonds, the Indenture and related matters and this Board hereby authorizes the filing of an action to determine the validity of the 2013 Bonds, the Indenture and related matters in the appropriate court pursuant to, under the provisions of Sections 860 *et seq.* of the Code of Civil Procedure of the State of California and other applicable law. In such event, the City Attorney and Bond Counsel are hereby authorized and directed to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the 2013 Bonds, the Indenture and related matters.
5. The Chair of the Oversight Board and the other officers and members of staff having responsibility for the affairs of the Successor Agency to the Garden Grove Agency for Community

Development are hereby authorized to execute such documents and certificates necessary to assist the Successor Agency in the issuance of the 2013 Bonds.

6. To the extent of any inconsistency herewith, this resolution amends Resolution No. _____ of the Oversight Board dated August ___, 2013. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this ____ day of _____, 2013.

Chair of the Oversight Board for the Successor
Agency to the Garden Grove Agency for Community
Development

ATTEST:

Secretary of the Oversight Board for the
Successor Agency to the Garden Grove
Agency for Community Development

STATE OF CALIFORNIA
COUNTY OF ORANGE
CITY OF GARDEN GROVE

) SECRETARY'S CERTIFICATE
) ss. RE ADOPTION OF RESOLUTION
)

I, _____, of the Secretary of the Oversight Board for the Successor Agency to the Garden Grove Agency for Community Development, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Oversight Board at a special meeting of the City held on the ____ day of _____, 2013, and that the same was passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

STATE OF CALIFORNIA
COUNTY OF ORANGE
CITY OF GARDEN GROVE

) SECRETARY'S CERTIFICATE
) ss. OF AUTHENTICATION
)

I, _____, Secretary of the Oversight Board for the Successor Agency to the Garden Grove Agency for Community Development, DO HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of Resolution No. _____ of the Oversight Board for the Successor Agency to the Garden Grove Agency for Community Development and that said Resolution was adopted at the time and by the vote stated on the above certificate, and has not been amended or repealed.

Secretary of the Oversight Board for the Successor
Agency to the Garden Grove Agency for Community
Development

Preliminary

Successor Agency to the Garden Grove Agency for Community Development**2013 Refunding Tax Allocation Bonds****Sources & Uses**

Dated 02/01/2014 | Delivered 02/01/2014

Sources Of Funds

Par Amount of Bonds	\$39,645,000.00
Reoffering Premium	3,743,501.25
Transfers from Prior Issue DSR Funds	4,386,888.00

Total Sources	\$47,775,389.25
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Uses Of Funds

Total Underwriter's Discount (0.600%)	237,870.00
Costs of Issuance	250,000.00
Gross Bond Insurance Premium (45.0 bp)	247,060.58
Deposit to Debt Service Reserve Fund (DSRF)	3,964,500.00
Deposit to Current Refunding Fund	43,074,341.67
Rounding Amount	1,617.00

Total Uses	\$47,775,389.25
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GARDEN GROVE 2013 Refundi | Refunding of 2003 Bonds | 10/31/2013 | 10:15 AM

Preliminary

Successor Agency to the Garden Grove Agency for Community Development

2013 Refunding Tax Allocation Bonds

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2014	2,780,000.00	3.000%	1,254,000.00	4,034,000.00
10/01/2015	2,240,000.00	4.000%	1,797,600.00	4,037,600.00
10/01/2016	2,325,000.00	4.000%	1,708,000.00	4,033,000.00
10/01/2017	2,420,000.00	5.000%	1,615,000.00	4,035,000.00
10/01/2018	2,545,000.00	5.000%	1,494,000.00	4,039,000.00
10/01/2019	2,670,000.00	5.000%	1,366,750.00	4,036,750.00
10/01/2020	2,805,000.00	5.000%	1,233,250.00	4,038,250.00
10/01/2021	2,940,000.00	5.000%	1,093,000.00	4,033,000.00
10/01/2022	3,085,000.00	5.000%	946,000.00	4,031,000.00
10/01/2023	3,245,000.00	5.000%	791,750.00	4,036,750.00
10/01/2024	3,405,000.00	5.000%	629,500.00	4,034,500.00
10/01/2025	2,040,000.00	5.000%	459,250.00	2,499,250.00
10/01/2026	2,040,000.00	5.000%	357,250.00	2,397,250.00
10/01/2027	1,700,000.00	5.000%	255,250.00	1,955,250.00
10/01/2028	1,675,000.00	5.000%	170,250.00	1,845,250.00
10/01/2029	1,730,000.00	5.000%	86,500.00	1,816,500.00
Total	\$39,645,000.00	-	\$15,257,350.00	\$54,902,350.00

Yield Statistics

Bond Year Dollars	\$307,875.00
Average Life	7.766 Years
Average Coupon	4.9556963%
Net Interest Cost (NIC)	3.8170422%
True Interest Cost (TIC)	3.5848751%
Bond Yield for Arbitrage Purposes	3.4945811%
All Inclusive Cost (AIC)	3.7678077%

IRS Form 8038

Net Interest Cost	3.4193255%
Weighted Average Maturity	7.761 Years

GARDEN GROVE 2013 Refundi | Refunding of 2003 Bonds | 10/31/2013 | 10:15 AM

Preliminary

Successor Agency to the Garden Grove Agency for Community Development
2013 Refunding Tax Allocation Bonds

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
04/01/2014	-	-	313,500.00	313,500.00
10/01/2014	2,780,000.00	3.000%	940,500.00	3,720,500.00
04/01/2015	-	-	898,800.00	898,800.00
10/01/2015	2,240,000.00	4.000%	898,800.00	3,138,800.00
04/01/2016	-	-	854,000.00	854,000.00
10/01/2016	2,325,000.00	4.000%	854,000.00	3,179,000.00
04/01/2017	-	-	807,500.00	807,500.00
10/01/2017	2,420,000.00	5.000%	807,500.00	3,227,500.00
04/01/2018	-	-	747,000.00	747,000.00
10/01/2018	2,545,000.00	5.000%	747,000.00	3,292,000.00
04/01/2019	-	-	683,375.00	683,375.00
10/01/2019	2,670,000.00	5.000%	683,375.00	3,353,375.00
04/01/2020	-	-	616,625.00	616,625.00
10/01/2020	2,805,000.00	5.000%	616,625.00	3,421,625.00
04/01/2021	-	-	546,500.00	546,500.00
10/01/2021	2,940,000.00	5.000%	546,500.00	3,486,500.00
04/01/2022	-	-	473,000.00	473,000.00
10/01/2022	3,085,000.00	5.000%	473,000.00	3,558,000.00
04/01/2023	-	-	395,875.00	395,875.00
10/01/2023	3,245,000.00	5.000%	395,875.00	3,640,875.00
04/01/2024	-	-	314,750.00	314,750.00
10/01/2024	3,405,000.00	5.000%	314,750.00	3,719,750.00
04/01/2025	-	-	229,625.00	229,625.00
10/01/2025	2,040,000.00	5.000%	229,625.00	2,269,625.00
04/01/2026	-	-	178,625.00	178,625.00
10/01/2026	2,040,000.00	5.000%	178,625.00	2,218,625.00
04/01/2027	-	-	127,625.00	127,625.00
10/01/2027	1,700,000.00	5.000%	127,625.00	1,827,625.00
04/01/2028	-	-	85,125.00	85,125.00
10/01/2028	1,675,000.00	5.000%	85,125.00	1,760,125.00
04/01/2029	-	-	43,250.00	43,250.00
10/01/2029	1,730,000.00	5.000%	43,250.00	1,773,250.00
Total	\$39,645,000.00	-	\$15,257,350.00	\$54,902,350.00

GARDEN GROVE 2013 Refundi | Refunding of 2003 Bonds | 10/31/2013 | 10:15 AM

Preliminary

Successor Agency to the Garden Grove Agency for Community Development

2013 Refunding Tax Allocation Bonds

Debt Service Schedule

Part 2 of 2

Yield Statistics

Bond Year Dollars	\$307,875.00
Average Life	7.766 Years
Average Coupon	4.9556963%
Net Interest Cost (NIC)	3.8170422%
True Interest Cost (TIC)	3.5848751%
Bond Yield for Arbitrage Purposes	3.4945811%
All Inclusive Cost (AIC)	3.7678077%

IRS Form 8038

Net Interest Cost	3.4193255%
Weighted Average Maturity	7.761 Years

Preliminary

Successor Agency to the Garden Grove Agency for Community Development
2013 Refunding Tax Allocation Bonds

Debt Service Comparison

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings
10/01/2014	4,034,000.00	(36,716.51)	3,997,283.49	4,383,025.00	385,741.51
10/01/2015	4,037,600.00	(55,106.56)	3,982,493.44	4,382,787.50	400,294.06
10/01/2016	4,033,000.00	(55,106.56)	3,977,893.44	4,381,512.50	403,619.06
10/01/2017	4,035,000.00	(55,106.56)	3,979,893.44	4,383,937.50	404,044.06
10/01/2018	4,039,000.00	(55,106.56)	3,983,893.44	4,386,337.50	402,444.06
10/01/2019	4,036,750.00	(55,106.56)	3,981,643.44	4,381,212.50	399,569.06
10/01/2020	4,038,250.00	(55,106.56)	3,983,143.44	4,383,562.50	400,419.06
10/01/2021	4,033,000.00	(55,106.56)	3,977,893.44	4,382,581.26	404,687.82
10/01/2022	4,031,000.00	(55,106.56)	3,975,893.44	4,378,000.00	402,106.56
10/01/2023	4,036,750.00	(55,106.56)	3,981,643.44	4,382,000.00	400,356.56
10/01/2024	4,034,500.00	(55,106.56)	3,979,393.44	4,382,500.00	403,106.56
10/01/2025	2,499,250.00	(55,106.56)	2,444,143.44	2,844,250.00	400,106.56
10/01/2026	2,397,250.00	(55,106.56)	2,342,143.44	2,743,750.00	401,606.56
10/01/2027	1,955,250.00	(55,106.56)	1,900,143.44	2,302,500.00	402,356.56
10/01/2028	1,845,250.00	(55,106.56)	1,790,143.44	2,192,500.00	402,356.56
10/01/2029	1,816,500.00	(4,019,606.56)	(2,203,106.56)	(2,223,888.00)	(20,781.44)
Total	\$54,902,350.00	(4,827,814.91)	\$50,074,535.09	\$56,066,568.26	\$5,992,033.17

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	4,182,909.57
Effects of changes in DSR investments	412,269.76
Net PV Cashflow Savings @ 3.768%(AIC)	4,595,179.33
Contingency or Rounding Amount	1,617.00
Net Present Value Benefit	\$4,596,796.33
Net PV Benefit / \$42,345,000 Refunded Principal	10.856%
Net PV Benefit / \$39,645,000 Refunding Principal	11.595%

Refunding Bond Information

Refunding Dated Date	2/01/2014
Refunding Delivery Date	2/01/2014

Preliminary

Successor Agency to the Garden Grove Agency for Community Development

2013 Refunding Tax Allocation Bonds

Debt Service Comparison

Part 1 of 2

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings
04/01/2014	313,500.00	(9,163.23)	304,336.77	1,094,012.50	789,675.73
10/01/2014	3,720,500.00	(27,553.28)	3,692,946.72	3,289,012.50	(403,934.22)
04/01/2015	898,800.00	(27,553.28)	871,246.72	1,036,393.75	165,147.03
10/01/2015	3,138,800.00	(27,553.28)	3,111,246.72	3,346,393.75	235,147.03
04/01/2016	854,000.00	(27,553.28)	826,446.72	975,756.25	149,309.53
10/01/2016	3,179,000.00	(27,553.28)	3,151,446.72	3,405,756.25	254,309.53
04/01/2017	807,500.00	(27,553.28)	779,946.72	911,968.75	132,022.03
10/01/2017	3,227,500.00	(27,553.28)	3,199,946.72	3,471,968.75	272,022.03
04/01/2018	747,000.00	(27,553.28)	719,446.72	843,168.75	123,722.03
10/01/2018	3,292,000.00	(27,553.28)	3,264,446.72	3,543,168.75	278,722.03
04/01/2019	683,375.00	(27,553.28)	655,821.72	770,606.25	114,784.53
10/01/2019	3,353,375.00	(27,553.28)	3,325,821.72	3,610,606.25	284,784.53
04/01/2020	616,625.00	(27,553.28)	589,071.72	694,281.25	105,209.53
10/01/2020	3,421,625.00	(27,553.28)	3,394,071.72	3,689,281.25	295,209.53
04/01/2021	546,500.00	(27,553.28)	518,946.72	613,790.63	94,843.91
10/01/2021	3,486,500.00	(27,553.28)	3,458,946.72	3,768,790.63	309,843.91
04/01/2022	473,000.00	(27,553.28)	445,446.72	529,000.00	83,553.28
10/01/2022	3,558,000.00	(27,553.28)	3,530,446.72	3,849,000.00	318,553.28
04/01/2023	395,875.00	(27,553.28)	368,321.72	446,000.00	77,678.28
10/01/2023	3,640,875.00	(27,553.28)	3,613,321.72	3,936,000.00	322,678.28
04/01/2024	314,750.00	(27,553.28)	287,196.72	358,750.00	71,553.28
10/01/2024	3,719,750.00	(27,553.28)	3,692,196.72	4,023,750.00	331,553.28
04/01/2025	229,625.00	(27,553.28)	202,071.72	267,125.00	65,053.28
10/01/2025	2,269,625.00	(27,553.28)	2,242,071.72	2,577,125.00	335,053.28
04/01/2026	178,625.00	(27,553.28)	151,071.72	209,375.00	58,303.28
10/01/2026	2,218,625.00	(27,553.28)	2,191,071.72	2,534,375.00	343,303.28
04/01/2027	127,625.00	(27,553.28)	100,071.72	151,250.00	51,178.28
10/01/2027	1,827,625.00	(27,553.28)	1,800,071.72	2,151,250.00	351,178.28
04/01/2028	85,125.00	(27,553.28)	57,571.72	101,250.00	43,678.28
10/01/2028	1,760,125.00	(27,553.28)	1,732,571.72	2,091,250.00	358,678.28
04/01/2029	43,250.00	(27,553.28)	15,696.72	51,500.00	35,803.28
10/01/2029	1,773,250.00	(3,992,053.28)	(2,218,803.28)	(2,275,388.00)	(56,584.72)
Total	\$54,902,350.00	(4,827,814.91)	\$50,074,535.09	\$56,066,568.26	\$5,992,033.17

GARDEN GROVE 2013 Refundi | Refunding of 2003 Bonds | 10/31/2013 | 10:15 AM

Preliminary

Successor Agency to the Garden Grove Agency for Community Development
2013 Refunding Tax Allocation Bonds

Debt Service Comparison

Part 2 of 2

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	4,182,909.57
Effects of changes in DSR investments	412,269.76
Net PV Cashflow Savings @ 3.768%(AIC)	4,595,179.33
Contingency or Rounding Amount	1,617.00
Net Present Value Benefit	\$4,596,796.33
Net PV Benefit / \$42,345,000 Refunded Principal	10.856%
Net PV Benefit / \$39,645,000 Refunding Principal	11.595%

Refunding Bond Information

Refunding Dated Date	2/01/2014
Refunding Delivery Date	2/01/2014

GARDEN GROVE 2013 Refundi | Refunding of 2003 Bonds | 10/31/2013 | 10:15 AM

Preliminary

Successor Agency to the Garden Grove Agency for Community Development
2013 Refunding Tax Allocation Bonds

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
10/01/2014	Serial Coupon	3.000%	0.530%	2,780,000.00	101.641%	2,825,619.80
10/01/2015	Serial Coupon	4.000%	0.890%	2,240,000.00	105.132%	2,354,956.80
10/01/2016	Serial Coupon	4.000%	1.170%	2,325,000.00	107.407%	2,497,212.75
10/01/2017	Serial Coupon	5.000%	1.520%	2,420,000.00	112.363%	2,719,184.60
10/01/2018	Serial Coupon	5.000%	1.910%	2,545,000.00	113.730%	2,894,428.50
10/01/2019	Serial Coupon	5.000%	2.390%	2,670,000.00	113.752%	3,037,178.40
10/01/2020	Serial Coupon	5.000%	2.830%	2,805,000.00	113.095%	3,172,314.75
10/01/2021	Serial Coupon	5.000%	3.180%	2,940,000.00	112.292%	3,301,384.80
10/01/2022	Serial Coupon	5.000%	3.410%	3,085,000.00	111.839%	3,450,233.15
10/01/2023	Serial Coupon	5.000%	3.640%	3,245,000.00	110.994%	3,601,755.30
10/01/2024	Serial Coupon	5.000%	3.800%	3,405,000.00	110.438%	3,760,413.90
10/01/2025	Serial Coupon	5.000%	3.960%	2,040,000.00	108.971% c	2,223,008.40
10/01/2026	Serial Coupon	5.000%	4.120%	2,040,000.00	107.528% c	2,193,571.20
10/01/2027	Serial Coupon	5.000%	4.270%	1,700,000.00	106.196% c	1,805,332.00
10/01/2028	Serial Coupon	5.000%	4.420%	1,675,000.00	104.884% c	1,756,807.00
10/01/2029	Serial Coupon	5.000%	4.550%	1,730,000.00	103.763% c	1,795,099.90
Total	-	-	-	\$39,645,000.00	-	\$43,388,501.25

Bid Information

Par Amount of Bonds	\$39,645,000.00
Reoffering Premium or (Discount)	3,743,501.25
Gross Production	\$43,388,501.25
Total Underwriter's Discount (0.600%)	\$(237,870.00)
Bid (108.843%)	43,150,631.25
Total Purchase Price	\$43,150,631.25
Bond Year Dollars	\$307,875.00
Average Life	7.766 Years
Average Coupon	4.9556963%
Net Interest Cost (NIC)	3.8170422%
True Interest Cost (TIC)	3.5848751%

GARDEN GROVE 2013 Refund | Refunding of 2003 Bonds | 10/31/2013 | 10:15 AM

Successor Agency to the Garden Grove Agency for Community Development

2013 Refunding Tax Allocation Bonds

Refunding Analysis By Maturity

Part 1 of 2

ISSUE	Maturity	Type	of Bond	Coupon	Principal	Call Date
GARDEN GROVE	10/01/2019	Serial	Coupon	5.375%	2,840,000	02/01/2014
GARDEN GROVE	10/01/2020	Serial	Coupon	5.375%	2,995,000	02/01/2014
GARDEN GROVE	10/01/2018	Serial	Coupon	5.375%	2,700,000	02/01/2014
GARDEN GROVE	10/01/2021	Serial	Coupon	5.375%	3,155,000	02/01/2014
GARDEN GROVE	10/01/2017	Serial	Coupon	5.375%	2,560,000	02/01/2014
GARDEN GROVE	10/01/2022	Serial	Coupon	5.000%	3,320,000	02/01/2014
GARDEN GROVE	10/01/2023	Serial	Coupon	5.000%	3,490,000	02/01/2014
GARDEN GROVE	10/01/2016	Serial	Coupon	5.250%	2,430,000	02/01/2014
GARDEN GROVE	10/01/2024	Serial	Coupon	5.000%	3,665,000	02/01/2014
GARDEN GROVE	10/01/2025	Serial	Coupon	5.000%	2,310,000	02/01/2014
GARDEN GROVE	10/01/2026	Serial	Coupon	5.000%	2,325,000	02/01/2014
GARDEN GROVE	10/01/2015	Serial	Coupon	5.250%	2,310,000	02/01/2014
GARDEN GROVE	10/01/2027	Serial	Coupon	5.000%	2,000,000	02/01/2014
GARDEN GROVE	10/01/2028	Serial	Coupon	5.000%	1,990,000	02/01/2014
GARDEN GROVE	10/01/2029	Serial	Coupon	5.000%	2,060,000	02/01/2014
GARDEN GROVE	10/01/2014	Serial	Coupon	5.250%	2,195,000	02/01/2014
					\$42,345,000	-

Preliminary

Successor Agency to the Garden Grove Agency for Community Development
2013 Refunding Tax Allocation Bonds

Refunding Analysis By Maturity

Part 2 of 2

ISSUE	Total \$ Savings	Base Savings	Yield Blending	Total % Savings	Cumulative	Total %
GARDEN GROVE	404,233	8.132%	6.102%	14.234%	404,233	14.234%
GARDEN GROVE	419,269	9.397%	4.602%	13.999%	823,502	14.113%
GARDEN GROVE	366,971	6.819%	6.773%	13.592%	1,190,473	13.948%
GARDEN GROVE	422,149	10.615%	2.765%	13.380%	1,612,622	13.795%
GARDEN GROVE	301,558	5.456%	6.324%	11.780%	1,914,180	13.433%
GARDEN GROVE	331,688	9.039%	0.952%	9.991%	2,245,867	12.782%
GARDEN GROVE	316,082	9.906%	-0.849%	9.057%	2,561,949	12.165%
GARDEN GROVE	212,664	3.727%	5.025%	8.752%	2,774,613	11.812%
GARDEN GROVE	301,531	10.741%	-2.514%	8.227%	3,076,144	11.328%
GARDEN GROVE	168,918	11.546%	-4.233%	7.312%	3,245,062	11.013%
GARDEN GROVE	144,359	12.321%	-6.112%	6.209%	3,389,421	10.662%
GARDEN GROVE	125,165	2.372%	3.046%	5.418%	3,514,586	10.307%
GARDEN GROVE	99,510	13.067%	-8.092%	4.975%	3,614,095	10.011%
GARDEN GROVE	71,453	13.787%	-10.196%	3.591%	3,685,548	9.676%
GARDEN GROVE	45,323	14.480%	-12.280%	2.200%	3,730,871	9.292%
GARDEN GROVE	33,375	0.966%	0.554%	1.521%	3,764,246	8.889%
	\$3,764,246	-	-	-	-	-

Adjustments To Escrow Definition

Proposed Refunding Date	2/01/2014
Yield on Escrow Investments	3.4945811%
Present Value Savings Discount Rate	3.7678077%

CONSULTANT AGREEMENT

THIS AGREEMENT, entered into this ___ day of ____, 201__, by and between CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body (hereinafter referred to as "Agency"), and SPRINGSTED INCORPORATED, whose California address is 21300 Victory Blvd., Suite 1180, Woodland Hills, CA 91367 (hereinafter referred to as "Consultant"), is made with reference to the following:

RECITALS:

- A. Agency and Consultant desire to enter into an agreement for Financial Advisory Services according to the terms and conditions set forth herein.
- B. Consultant is specially trained, experienced and competent to perform the special services which will be required by this Agreement; and
- C. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement according to the terms and conditions described herein.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. TERM:

The term of this Agreement shall commence on the ___ day of ____, 201__ and shall terminate on the 31st day of December, 2016, unless terminated earlier as set forth herein. The contract may with the consent of both parties be renewed for an additional three-year term.

2. SERVICES TO BE PERFORMED:

Consultant shall perform each and every service set forth in Exhibit "A," which is attached hereto and incorporated herein by this reference.

3. COMPENSATION TO CONSULTANT:

Consultant shall be compensated for services performed pursuant to this Agreement in the amount set forth in Exhibit "B," which is attached hereto and incorporated herein by this reference.

4. TIME IS OF THE ESSENCE:

Consultant and Agency agree that time is of the essence regarding the performance of this Agreement.

It is agreed that in case the work called for under the Agreement is not finished and completed in all parts and requirements within the time specified as agreed between the Agency and Consultant, the Agency shall have the right to extend the time for completion or not, as may seem best to serve the interest of the Agency; and if it decides to extend the time limit for the completion of the Agreement, it shall further have the right to charge the Consultant, his or her heirs, assigns, or sureties, and to deduct from the final payment for the work, all or any part, as it may deem proper, of the actual costs and overhead expenses which are directly chargeable to the Agreement, and which accrue during the period of such extensions.

5. STANDARD OF CARE:

Consultant agrees to perform all services hereunder in a manner commensurate with the prevailing standards of like professionals in the State of California and agrees that all services shall be performed by qualified and experienced personnel who are not employed by the Agency nor have any contractual relationship with the Agency.

6. INDEPENDENT PARTIES:

Agency and Consultant intend that the relationship between them created by this Agreement is that of employer-independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by Agency to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from Agency to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant.

7. IMMIGRATION REFORM AND CONTROL ACT (IRCA):

Consultant assumes any and all responsibility for verifying the identity and employment authorization of all of its employees performing work hereunder, pursuant to all applicable IRCA or other federal, or state rules and regulations. Consultant shall indemnify and hold Agency harmless from and against any loss, damage, liability, costs or expenses arising from any noncompliance of this provision by Consultant.

8. NON- DISCRIMINATION:

Consistent with Agency's policy that harassment and discrimination are unacceptable employer/employee conduct, Consultant agrees that harassment or discrimination directed toward a job applicant, a Agency employee, or a citizen by Consultant or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, or sexual orientation will not be tolerated. Consultant agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. HOLD HARMLESS:

Except for loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, caused solely by the negligence of the Agency, City of Garden Grove (herein referred to as "City"), its City Council, boards and commissions, officers and employees, Consultant shall indemnify, defend and hold harmless Agency, City, its City Council, boards and commissions, officers and employees from and against any and all loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, regardless of the merits or outcome of any such claim or suit arising from or in any manner connected to Consultant's negligent act or omission regarding performance of services or work conducted or performed pursuant to this Agreement. Except for loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, caused solely by the negligence of the Agency, City, its City Council, boards and commissions, officers and employees, Consultant shall indemnify, defend and hold harmless Agency, City, its City Council, boards and commissions, officers and employees from and against any and all loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, accruing or

resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, equipment or supplies arising from or in any manner connected to the Consultant's negligent act or omission regarding performance of services or work conducted or performed pursuant to this Agreement.

10. **INSURANCE:**

On or before the commencement of the term of this Agreement, Consultant shall furnish Agency with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with paragraphs 10A, B, C, D and E. Such certificates, which do not limit Consultant's indemnification, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to the Agency by certified mail, Attention: Risk Manager." It is agreed that Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Agency and licensed to do insurance business in the State of California. Endorsements naming the Agency, as additional insured shall be submitted with the insurance certificates.

A. COVERAGE:

Consultant shall maintain the following insurance coverage:

(1) Workers' Compensation:

Statutory coverage as required by the State of California.

(2) Liability:

Commercial general liability coverage in the following minimum

Bodily Injury: \$500,000 each occurrence, \$1,000,000 aggregate - all other

Property Damage: \$100,000 each occurrence, \$250,000 aggregate

If submitted, combined single limit policy with aggregate limits in the amounts of \$1,000,000 will be considered equivalent to the required minimum limits shown above.

(3) Automotive:

Comprehensive automotive liability coverage in the following minimum limits:

Bodily Injury: \$500,000 each occurrence

Property Damage: \$100,000 each occurrence

or

Combined Single Limit: \$500,000 each occurrence

(4) Professional Liability:

Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least \$2,000,000.

B. SUBROGATION WAIVER:

Consultant agrees that in the event of loss due to any of the perils for which he/she has

agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to its insurance for recovery. Consultant hereby grants to Agency, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or Agency with respect to the services of Consultant herein, a waiver of any right to subrogation, which any such insurer of said Consultant may acquire against Agency by virtue of the payment of any loss under such insurance.

C. FAILURE TO SECURE:

If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, Agency shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. ADDITIONAL INSURED:

City, its City Council, boards and commissions, officers, and employees shall be named as an additional insured under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. SUFFICIENCY OF INSURANCE:

The insurance limits required by Agency are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

11. CONFLICT OF INTEREST:

Consultant warrants that it is not a conflict of interest for Consultant to perform the services required by this Agreement. Consultant may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff capacity as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. PROHIBITION AGAINST TRANSFERS:

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Agency. Any attempt to do so without said consent shall be null and void, and any assignee, sublessee, hypothecate or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from Agency under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Agency by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venture or syndicate member or cotenant, if Consultant is a partnership or joint venture or syndicate or cotenancy, which shall result in

changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. SUBCONTRACTOR APPROVAL:

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in reasonable conformity to the insurance carried by Consultant. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

14. PERMITS AND LICENSES:

Consultant, at its sole expense, shall obtain and maintain during the term of this Agreement, all appropriate permits, certificates and licenses including, but not limited to, a City Business License, that may be required in connection with the performance of services hereunder.

15. REPORTS:

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of Agency. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Agency the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Agency, and all publication rights are reserved to Agency.

B. All Reports prepared by Consultant may be used by Agency in execution or implementation of:

- (1) The original Project for which Consultant was hired;
- (2) Completion of the original Project by others;
- (3) Subsequent additions to the original project; and/or
- (4) Other Agency projects as appropriate.

C. Consultant shall, at such time and in such form as Agency may require, furnish reports concerning the status of services required under this Agreement.

D. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement shall be made available to any individual or organization by Consultant without prior approval by Agency.

16. RECORDS:

Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts and other such information required by Agency that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of Agency or its designees at all proper times, and gives Agency the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to

this Agreement. Such records, together with supporting documents, shall be kept separate from other documents and records and shall be maintained for a period of three (3) years after receipt of final payment.

If supplemental examination or audit of the records is necessary due to concerns raised by Agency's preliminary examination or audit of records, and the Agency's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of contract or failure to get in good faith, then Consultant shall reimburse Agency for all reasonable costs and expenses associated with the supplemental examination or audit.

17. NOTICES:

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals from Consultant to Agency shall be addressed to Agency at:

City of Garden Grove
11222 Acacia Parkway
P.O. Box 3070
Garden Grove, CA 92842

Attention: Kingsley Okereke, Finance Director

All notices, demands, requests, or approvals from Agency to Consultant shall be addressed to Consultant at:

Springsted Incorporated
21300 Victory Blvd., Suite 1180
Woodland Hills, CA 91367

18. TERMINATION:

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If such default is not cured within a period of two (2) days after receipt by Consultant from Agency of written notice of default, specifying the nature of such default and the steps necessary to cure such default, Agency may terminate the Agreement forthwith by giving to the Consultant written notice thereof.

Agency shall have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) days prior written notice to Consultant as provided herein. Upon termination of this Agreement, each party shall pay to the other party that portion of compensation specified in this Agreement that is earned and unpaid prior to the effective date of termination.

19. COMPLIANCES:

Consultant shall comply with all state or federal laws and all ordinances, rules and regulations enacted or issued by Agency.

20. CONFLICT OF LAW:

This Agreement shall be interpreted under, and enforced by the laws of the State of California excepting any choice of law rules which may direct the application of laws of another jurisdiction. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities.)

Any suits brought pursuant to this Agreement shall be filed with the courts of the County of Orange, State of California.

21. ADVERTISEMENT:

Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Agency to do otherwise.

22. WAIVER:

A waiver by Agency of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

23. INTEGRATED CONTRACT:

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the parties hereto, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by written execution signed by both Agency and Consultant.

24. INSERTED PROVISIONS:

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

25. CAPTIONS:

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed on the day and year first above written.

CONSULTANT
Springsted Incorporated

CITY OF GARDEN GROVE AS
SUCCESSOR AGENCY TO THE
GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT
A Public Body

By _____
William Reynolds
Western Regional Director

By _____
Kingsley Okereke
Finance Director

FINANCIAL ADVISORY SERVICES

Springsted Incorporated

Attachment A

Scope of Services

Generally, the firm will provide advice in the areas of financial planning and management, assistance with rating agencies, debt issuance, and other tasks associated with management of the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development debt capacities, which include the City's enterprises, agencies and authorities.

The specific services may include but are not limited to review of the outstanding debt, recommendations for refinancing or refunding issues, and structuring and pricing of bond issues and presentations to various stakeholders including legislative bodies. Project scopes, total fees and timelines will be developed on a project-by-project basis.

The engagement manager will be Mr. William Reynolds, Western Regional Director of Public Finance for Springsted Incorporated. During the term of the engagement, the firm will continue to monitor its activities for potential conflicts of interest with this engagement.

FINANCIAL ADVISORY SERVICES

Springsted Incorporated

Attachment B

Fees

The following hourly rates apply for consulting projects, analyses, studies and other unique services requested by the Agency that are not intended to directly result in a financing transaction.

Principal/Managing Director	\$275.00
Associate Director	\$225.00
Senior Associate	\$185.00
Analyst	\$135.00
Clerical/Administrative	\$ 60.00

Direct expenses for airfare are reimbursable at coach rates for travel specifically requested by the City. Any other expenses incurred on behalf of the Agency shall be regarded to be subsumed within the hourly rates for services set forth above. Requests for unusual or for additional services shall receive prior approval from the Finance Director. In no case shall such expenses, not otherwise granted prior written approval, be reimbursed by the Agency.

Fees for assignments that are intended to result in a debt financing are contingent upon the closing of the transaction. Not-to-exceed fees for such transactions including, but not limited to, revenue bonds, certificates of participation, lease revenue bonds, tax allocation bonds and general obligation bonds are charged as follows:

Stand-Alone Issue Size	Competitive Sale	Negotiated Sale
Under \$25,000,000	\$ 40,000	\$ 35,000
\$25,000,001 to \$50,000,000	\$ 55,000	\$ 50,000
\$50,000,001 to \$75,000,000	\$ 70,000	\$ 65,000
\$75,000,001 to \$100,000,000	\$ 90,000	\$ 85,000

Transaction fees on a not to exceed basis contingent upon closing the debt transaction for land-secured financings such as Special Tax Bonds and Assessment District Bonds are charged at 1.5 times the above schedule.

Direct Expenses that may on occasion be granted reimbursable status include but are not limited to, airfare at coach rates, lodging and meals at reimbursement rates not to exceed those in Internal Revenue Service Publication 1542 for the San Francisco area, overnight courier, conference calls and transaction related expenses. If such direct expenses are incurred in the provision of the aforementioned services, they may be reimbursable with prior approval of the Chief Financial Officer, and may be billed in addition to the above transaction fees. Said expenses shall not exceed \$25,000 within a fiscal year.