

ADOPTION OF LEASE REVENUE BONDS, SERIES 2015A

September 22, 2015

Page 2

The required and assembled bond financing team includes Financial Advisor (Urban Futures Incorporated – “UFI”), Bond Counsel (Stradling, Yocca, Carlson & Rauth – “SYCR”), Disclosure Counsel (Jones Hall), Underwriter (Samuel A. Ramirez, Inc., and Mesirow Financial, Inc.), and Trustee (U.S. Bank National Association).

DISCUSSION

Staff working with the Financial Advisor prepared and advertised a Request for Proposal (“RFP”) to select an underwriter to market and sell the bonds. A total of four proposals were received and analyzed by the team. The co-underwriting firms of Samuel A. Ramirez, Inc., and Mesirow Financial, Inc. were selected for the refunding. Their proposal was selected as the best proposal in terms of quality of proposal, including structuring and pricing approach, and refunding costs.

The necessary documents (ground lease, lease agreement, indenture, assignment agreement, continuing disclosure certificate, bond purchase agreement, escrow deposit and trust agreement, bond purchase agreement, and official statement), in connection with the issuance of the Lease Revenue Bonds, Series 2015A, are provided in substantially completed form. Bond Counsel prepared the attached resolutions (Attachments 1 and 2) delineating authorization of the Lease Revenue Bonds, Series 2015A to refund the 2002 City COPs. The resolutions require action by the City Council and the GGPFA to approve the issuance of the Lease Revenue Bonds, Series 2015A in an aggregate principal amount of not to exceed \$28 million. It authorizes the execution and delivery by the City and the GGPFA of the necessary documents and certificates and related actions and the distribution of the official statement in connection with the offering and sale of the series 2015A bonds.

Following City Council and GGPFA Board adoption of the resolutions, closing is tentatively scheduled for mid-November 2015 to early December 2015 wherein the lease revenue bonds 2015A series proceed would be used to pay off the outstanding 2002 City COPs, fund the indicated public capital improvement projects, and pay the refunding costs.

FINANCIAL IMPACT

The refunding of the 2002 City COPs is expected to reduce average annual interest cost by approximately 1.26% and enable the City to fund approximately \$8 million of new money for public capital improvements while keeping annual debt service payments at the current level of \$1.555 million.

Also, the increase in the valuation of the original 2002 City COPs leased assets will enable the City to release some of those properties for collateralization of the new Lease Revenue Bonds, Series 2015A issuance.

The estimated total cost of issuance is projected to be approximately 1.0% to 1.25% of the total principal amount of the Lease Revenue Bonds, Series 2015A. All issuance costs have been incorporated into the debt service projections. The cost of issuance funds will be used to compensate the financing team members as outlined above as well as to cover other miscellaneous financing fees.

RECOMMENDATION

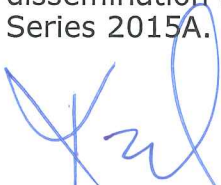
It is recommended that the City Council and the Public Financing Authority hold a joint Public Hearing to receive testimony, and:

City Council Action

- Adopt the Resolution to authorize and approve the issuance of the Lease Revenue Bonds, Series 2015A in an aggregate principal amount of not to exceed \$28,000,000 and authorizes, in substantial form, the execution and delivery of a ground lease, lease agreement, indenture, escrow agreement, continuing disclosure certificate, a bond purchase agreement and authorize distribution of an official statement in connection with the issuance of Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A.

Public Financing Authority Action

- Adopt the Resolution to authorize and approve the issuance of the Lease Revenue Bonds, Series 2015A in an aggregate principal amount of not to exceed \$28,000,000 and authorizes, in substantial form, the execution and delivery of a ground lease, lease agreement, indenture, assignment agreement, a bond purchase agreement and authorize distribution of an official statement in connection with the issuance of Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A; and
- Authorize the City Manager/Executive Director or his designee to enter into all necessary and related agreements and documents for execution, delivery, and dissemination as applicable to finalize the issuance of the Lease Revenue Bonds, Series 2015A.



KINGSLEY OKEREKE
Assistant City Manager/Finance Director



By: Ellis Chang
Accounting Manager

- Attachment 1: Garden Grove City Council Resolution
- Attachment 2: Garden Grove Public Financing Authority Resolution
- Attachment 3: Lease Revenue Bonds, Series 2015A Ground Lease
- Attachment 4: Lease Revenue Bonds, Series 2015A Lease Agreement
- Attachment 5: Lease Revenue Bonds, Series 2015A Indenture
- Attachment 6: Lease Revenue Bonds, Series 2015A Assignment Agreement
- Attachment 7: Lease Revenue Bonds, Series 2015A Bond Purchase Agreement

ADOPTION OF LEASE REVENUE BONDS, SERIES 2015A

September 22, 2015

Page 4

Attachment 8: Lease Revenue Bonds, Series 2015A Escrow Deposit and Trust Agreement

Attachment 9: Lease Revenue Bonds, Series 2015A Official Statement

Attachment 10: Lease Revenue Bonds, Series 2015A Continuing Disclosure Certificate (See Appendix C within Attachment 9)

Approved for Agenda listing



Scott C. Stiles
City Manager

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF A GROUND LEASE, LEASE AGREEMENT, INDENTURE, ESCROW AGREEMENT, CONTINUING DISCLOSURE CERTIFICATE AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF GARDEN GROVE PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2015A, APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$28,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, the City of Garden Grove, California (the "City") is a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State");

WHEREAS, the City previously financed a portion of the costs of the acquisition, construction and installation of certain real property and other capital improvements as set forth in the 2002 Lease Agreement described below (the "2002 Project");

WHEREAS, in order to accomplish such financing, the City determined to provide the funds necessary to finance the acquisition, construction and installation of the 2002 Project through its City of Garden Grove Certificates of Participation Series A of 2002 (2002 Financing Project) (the "2002 Certificates"), payable from certain lease payments to be made by the City under a Lease/Purchase Agreement with the Garden Grove Public Financing Authority (the "Authority") (the "2002 Lease Agreement");

WHEREAS, the Authority is a joint exercise of powers agency duly organized and existing under the laws of the State, including the Marks-Roos Local Bond Pooling Act of 1989, as amended (the "Act");

WHEREAS, the City desires to refinance all or a portion of the 2002 Project originally financed with the proceeds of the 2002 Certificates;

WHEREAS, in addition, the City desires to finance the acquisition and/or construction of various "public capital improvements" within the meaning of the Act (defined below) consisting of a fire station, police building renovations or other capital improvements listed on the City's 5-year capital improvement plan, all of which are or shall be located within the boundaries of the City and collectively constitute the "2015 Project;"

WHEREAS, the Authority and the City have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the "Garden Grove Public Financing Authority Lease Revenue Bonds,

Series 2015A" (the "Bonds") for the purpose of financing the 2015 Project and refinancing the 2002 Certificates;

WHEREAS, in order to facilitate the issuance of the Bonds, the City and the Authority desire to enter into a Ground Lease between the City and the Authority (the "Ground Lease") pursuant to which the City will lease certain real property (which real property shall consist of assets generally described as the Garden Grove Community Center property, inclusive of the Senior Center and Police Annex, and Garden Grove Park, subject to adjustment as described in Section 2 below) ("Leased Assets") to the Authority, and a Lease Agreement between the City and the Authority (the "Lease Agreement"), pursuant to which the City will lease the Leased Assets back from the Authority, and pay certain Base Rental Payments (as defined in the Lease Agreement), which are pledged to the owners of the Bonds by the Authority pursuant to an Indenture of Trust by and between U.S. Bank National Association (the "Trustee") and the Authority (the "Indenture");

WHEREAS, the City and the Authority have determined that debt service savings can be achieved by the prepayment and defeasance of the 2002 Certificates;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to finance the 2015 Project and refinance the 2002 Project originally financed with the proceeds of the 2002 Certificates through the offering and sale of the Bonds;

WHEREAS, the defeasance of the 2002 Certificates to be prepaid will be accomplished by means of an Escrow Agreement (the "Escrow Agreement") by and between U.S. Bank National Association, as escrow agent ("Escrow Agent") and the City, the form of which has been presented to this City Council at the meeting at which this Resolution is being adopted;

WHEREAS, the Bonds will be issued pursuant to the Act and the 2002 Project and the 2015 Project are eligible to be refinanced and financed, respectively, pursuant to the Act;

WHEREAS, the City and the Authority desire to provide for the negotiated sale of the Bonds;

WHEREAS, the City and the Authority have selected Samuel A. Ramirez & Co., Incorporated and Mesirow Financial, Incorporated, to act as co-underwriters ("Underwriter") to purchase the Bonds from the Authority pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement");

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Bonds, the underwriter thereof must have reasonably determined that the City has undertaken in a written agreement or contract for the benefit of the holders of the

Bonds to provide disclosure of certain financial information and certain events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the City desires to execute and deliver a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate");

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") has been prepared;

WHEREAS, the City is a member of the Authority and the 2015 Project and the 2002 Project are located within the boundaries of the City;

WHEREAS, the City has prior to the consideration of this Resolution held a Public Hearing on the refinancing of the 2002 Certificates with the proceeds of the issuance of the Bonds in accordance with Section 6586.5 of the Act, which hearing was held at 12732 Main Street, Garden Grove, California on September 22, 2015;

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such Public Hearing was published once at least ten days prior to the hearing in an adjudicated local newspaper of general circulation in the City;

WHEREAS, the issuance of the 2015 Bonds is not a "project" within the meaning of the California Environmental Quality Act ("CEQA"), specifically CEQA Guidelines Section 15378, and thus is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3);

WHEREAS, the City Council has been presented with the form of each document referred to herein relating to the refinancing contemplated hereby, and the City Council has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such refinancing; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such refinancing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such refinancing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, as follows:

Section 1. Each of the above recitals is true and correct. Following a duly noticed and conducted Public Hearing, the City Council hereby further finds and determines that there are significant public benefits to the citizens of the City through

the use of the Act to assist the City with respect to the subject matter hereof through the approval of the issuance of the Bonds and otherwise hereunder within the meaning of Section 6586(a)-(d), inclusive, of the Act, in that the issuance of the Bonds and related transactions will result in demonstrable savings in effective interest rate to the City.

Section 2. The forms of the Ground Lease and Lease Agreement, on file with the City Clerk, are hereby approved, and the Mayor of the City, or such other member of the City Council as the Mayor may designate, the City Manager of the City and the Finance Director of the City (the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Ground Lease and Lease Agreement in substantially said forms, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Ground Lease and Lease Agreement shall terminate no later than December 1, 2045, (provided that such term may be extended as provided therein) and the true interest cost applicable to the interest components of the Base Rental Payments shall not exceed 5.0% per annum. In the event that it is determined by the City Manager, or his designee, that there are limitations or restrictions on the ability of the City to lease or sublease any portion of the Leased Assets as contemplated by the Ground Lease and Lease Agreement, the City Manager, or his designee, may designate other or additional real property of the City to be leased or subleased pursuant to the Ground Lease and Lease Agreement, with such designation to be conclusively evidenced by the execution and delivery of the Ground Lease and Lease Agreement by one or more of the Authorized Officers.

Section 3. The form of Indenture, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the Bonds shall not exceed \$28,000,000, the final maturity date of the Bonds shall be no later than December 1, 2045 and the true interest cost applicable to the Bonds shall not exceed 5.00% per annum, and, provided, further, that such changes, insertions and omissions shall be consistent with the terms of the Bonds established at negotiated sale pursuant to the Bond Purchase Agreement.

Section 4. The Bond Purchase Agreement, on file with the City Clerk, is hereby approved and the Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the acceptance thereof set forth in the Bond Purchase Agreement, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the

execution of the Bond Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount paid by the Underwriter) from the principal amount of the Bonds in excess of thirty-five hundredths of one percent (0.35%) of the aggregate principal amount of the Bonds.

Section 5. The issuance of not to exceed \$28,000,000 aggregate principal amount of the Bonds, in the principal amounts, bearing interest at the rates and maturing on the dates as specified in the Indenture as finally executed, is hereby approved.

Section 6. The form of Preliminary Official Statement, on file with the City Clerk, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the City that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

The Authorized Officers are each hereby authorized and directed to furnish, or cause to be furnished, to prospective bidders for the Bonds a reasonable number of copies of the Preliminary Official Statement.

Section 7. The preparation and delivery of an Official Statement, and its use in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the City, to execute the final Official Statement and any amendment or supplement thereto for and in the name and on behalf of the City.

Section 8. The form of Escrow Agreement, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Escrow Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. The form of Continuing Disclosure Certificate, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes,

insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced to the execution and delivery thereof.

Section 10. The officers, employees and agents of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, but not limited to, the execution and delivery of agreements terminating the leasehold and subleasehold interests of the City and the Authority securing the 2002 Certificates. Specifically and without limiting the foregoing, the Finance Director is authorized and directed to solicit and accept bids for bond insurance and/or reserve surety for the Bonds, provided he determines acceptance of the best bid will result in further debt service savings, and appropriate changes to each of the documents referenced herein to evidence such bond insurance and/or reserve surety and the terms thereof, are hereby authorized and approved. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 11. This Resolution shall take effect from and after its date of adoption.

GARDEN GROVE PUBLIC FINANCING AUTHORITY

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GARDEN GROVE PUBLIC FINANCING AUTHORITY, AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A GROUND LEASE, LEASE AGREEMENT, AN INDENTURE, AN ASSIGNMENT AGREEMENT AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF GARDEN GROVE PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2015A, AUTHORIZING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$28,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, the City of Garden Grove (the "City") previously financed a portion of the costs of the acquisition of certain real property and other eligible projects through its City of Garden Grove Certificates of Participation Series A of 2002 (2002 Financing Project) (the "2002 Certificates"), payable from certain lease payments to be made by the City under a Lease/Purchase Agreement with the Garden Grove Public Financing Authority (the "Authority") (the "2002 Project");

WHEREAS, the Authority is a joint exercise of powers agency duly organized and existing under the laws of the State, including the Marks-Roos Local Bond Pooling Act of 1989, as amended (the "Act");

WHEREAS, the City desires to refinance the 2002 Project originally financed with the proceeds of the 2002 Certificates and to prepay the 2002 Certificates;

WHEREAS, in addition, the City desires to finance the acquisition and/or construction of a fire station, police building renovations and/or other "public capital improvements" described in the City's 5-year capital improvement plan all of which are or shall be located within the boundaries of the City and collectively constitute the "2015 Project;"

WHEREAS, the Authority and the City have determined that it would be in the best interests of the Authority, the City and residents of the City to authorize the preparation, sale and delivery of the "Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A" (the "Bonds") for the purpose of financing the 2015 Project and refinancing the 2002 Certificates;

WHEREAS, in order to facilitate the issuance of the Bonds, the City and the Authority desire to enter into a Ground Lease between the City and the Authority (the "Ground Lease") pursuant to which the City will lease certain real property (which real property shall consist of assets generally described as the Garden Grove Community Center property, inclusive of the Senior Center and Police Annex, and Garden Grove Park, subject to adjustment as described in Section 2 below) ("Leased

Assets") to the Authority, and a Lease Agreement between the City and the Authority (the "Lease Agreement"), pursuant to which the City will lease the Leased Assets back from the Authority, and pay certain Base Rental Payments (as defined in the Lease Agreement), which are pledged to the owners of the Bonds by the Authority pursuant to an Indenture of Trust by and between U.S. Bank National Association (the "Trustee") and the Authority (the "Indenture");

WHEREAS, the Authority and the Trustee desire to enter into an Assignment Agreement in order to provide, among other things, that all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee;

WHEREAS, the City and the Authority have determined that debt service savings can be achieved by the prepayment and defeasance of the 2002 Certificates;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to refinance all or a portion of the 2002 Project originally financed with the proceeds of the 2002 Certificates through the offering and sale of the Bonds;

WHEREAS, the defeasance of the 2002 Certificates to be prepaid will be accomplished by means of an Escrow Agreement (the "Escrow Agreement") by and between U.S. Bank National Association, as escrow agent ("Escrow Agent") and the City, the form of which has been presented to this Board of Directors at the meeting at which this Resolution is being adopted;

WHEREAS, the Bonds will be issued pursuant to the Act;

WHEREAS, the City and the Authority desire to provide for the negotiated sale of the Bonds;

WHEREAS, the City and the Authority have selected Samuel A. Ramirez & Co., Incorporated and Mesirow Financial, Incorporated, to act as co-underwriters (the "Underwriter") to purchase the Bonds from the Authority pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement");

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") has been prepared;

WHEREAS, the City is a member of the Authority and the 2002 Project and the 2015 Project are located within the boundaries of the City;

WHEREAS, the City has prior to the consideration of this Resolution held a Public Hearing on the refinancing of the 2002 Certificates and the financing of the 2015 Project with the proceeds of the issuance of the Bonds in accordance with Section 6586.5 of the Act, which hearing was held at 12732 Main Street, Garden Grove, California on September 22, 2015;

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such Public Hearing was published once at least ten days prior to the hearing in an adjudicated local newspaper of general circulation in the City;

WHEREAS, the issuance of the 2015 Bonds is not a "project" within the meaning of the California Environmental Quality Act ("CEQA"), specifically CEQA Guidelines Section 15378, and thus is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3);

WHEREAS, the Board of Directors of the Authority (the "Board of Directors") has been presented with the form of each document referred to herein, and the Board of Directors has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such refinancing; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such refinancing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such refinancing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GARDEN GROVE PUBLIC FINANCING AUTHORITY, as follows:

Section 1. All of the recitals herein contained are true and correct and the Board of Directors so finds. The Board of Directors has determined and hereby finds that the Authority's assistance in financing the 2015 Project and refinancing the 2002 Project by the execution and delivery of the Bonds will result in significant public benefits of the type described in Section 6586 (a) through (d), inclusive, of the Act.

Section 2. The forms of the Lease Agreement and the Ground Lease, on file with the Secretary of the Authority, are hereby approved, and the Chairperson of the Authority, or such other member of the Board of Directors as the Chairperson may designate, the Executive Director of the Authority and the Treasurer/Finance Director of the City (the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Lease Agreement and the Ground Lease, respectively, in substantially said forms, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Lease Agreement and the Ground Lease shall terminate no later than December 1, 2045 (provided that such term may be extended as provided therein) and the true interest cost applicable to the interest components of the Base Rental Payments shall not exceed 5.00% per annum. In the event that it is determined by the City Manager,

or his designee, that there are limitations or restrictions on the ability of the City to lease or sublease any portion of the Leased Assets as contemplated by the Ground Lease and Lease Agreement, the City Manager, or his designee, may designate other or additional real property of the City to be leased or subleased pursuant to the Ground Lease and Lease Agreement, with such designation to be conclusively evidenced by the execution and delivery of the Ground Lease and Lease Agreement by one or more of the Authorized Officers.

Section 3. The form of Indenture, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the Bonds shall not exceed \$28,000,000, the final maturity date of the Bonds shall be no later than December 1, 2045, and the true interest cost applicable to the Bonds shall not exceed 5.00% per annum and, provided, further, that such changes, insertions and omissions shall be consistent with the terms of the Bonds established at negotiated sale pursuant to the Bond Purchase Agreement.

Section 4. The issuance of not to exceed \$28,000,000 aggregate principal amount of the Bonds, in the principal amounts, bearing interest at the rates and maturing on the dates as specified in the Indenture as finally executed, is hereby authorized and approved.

Section 5. The form of Assignment Agreement, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Assignment Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Bond Purchase Agreement on file with the Secretary of the Authority is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Authority to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution of the Bond Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount paid by the Underwriter) from the principal amount of the Bonds in excess of thirty-five hundredths of one percent (0.35%) of the aggregate principal amount of the Bonds.

Section 7. The form of Preliminary Official Statement, on file with the Secretary of the Authority, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the Authority that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by such Rule).

The Authorized Officers are each hereby authorized and directed to furnish, or cause to be furnished, to prospective bidders for the Bonds a reasonable number of copies of the Preliminary Official Statement.

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

Section 9. The officers and agents of the Authority are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, but not limited to, the execution and delivery of agreements terminating the leasehold and subleasehold interests of the City and the Authority securing the 2002 Certificates. Specifically and without limiting the foregoing, the Finance Director is authorized and directed to solicit and accept bids for bond insurance and/or reserve surety for the Bonds, provided he determines acceptance of the best bid will result in further debt service savings, and appropriate changes to each of the documents referenced herein to evidence such bond insurance and/or reserve surety and the terms thereof, are hereby authorized and approved. All actions heretofore taken by the officers and agents of the Authority with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 10. This Resolution shall take effect from and after its date of adoption.

RECORDING REQUESTED BY:
Garden Grove Public Financing Authority

AND WHEN RECORDED RETURN TO:
Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: E. Kurt Yeager, Esq.

[Space above for Recorder's use.]

This Transaction is Exempt from California Documentary Transfer Tax Pursuant to Section 11921 of the California Revenue and Taxation Code. This Document is Exempt from Recording Fees Pursuant to Section 27383 of the California Government Code.

GROUND LEASE

by and between

CITY OF GARDEN GROVE

and

GARDEN GROVE PUBLIC FINANCING AUTHORITY

Dated as of November 1, 2015

Relating to

**[\$Bond Amount]
GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2015A**

GROUND LEASE

THIS GROUND LEASE (this "Ground Lease"), executed and entered into as of November 1, 2015, is by and between the CITY OF GARDEN GROVE (the "City"), a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessor, and the GARDEN GROVE PUBLIC FINANCING AUTHORITY (the "Authority"), a joint exercise of powers entity duly organized and existing under the laws of the State of California, as lessee.

WITNESSETH:

WHEREAS, the City and the Authority desire to finance a portion of the costs of the acquisition, construction and installation of various public improvements (the "2015 Project");

WHEREAS, the City and the Authority desire to refinance the City's Certificates of Participation Series A of 2002 (2002 Financing Project) and the City's lease obligations in connection therewith, the proceeds of which were used to finance a portion of the costs of the acquisition, construction and installation of certain property described in the proceedings for the 2002 Certificates (the "2002 Project" and with the 2015 Project, the "Project");

WHEREAS, in order to finance the 2015 Project and refinance the 2002 Project, the City will lease certain real property and the improvements located thereon (the "Property") to the Authority pursuant to this Ground Lease, and the City will sublease the Property back from the Authority pursuant to a Lease Agreement, dated the date hereof;

WHEREAS, the Property is more particularly described in Exhibit A hereto;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to finance the 2015 Project and refinance the 2002 Project through the issuance by the Authority of bonds payable from the base rental payments (the "Base Rental Payments") to be made by the City under the Lease Agreement;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide for the issuance of such bonds payable from the Base Rental Payments pursuant to an Indenture, dated as of the date hereof, by and among the Authority, the City and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof (the "Assignment Agreement");

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Ground Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Ground Lease;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Except as otherwise defined herein, or unless the context clearly otherwise requires, words and phrases defined in Article I of the Lease Agreement shall have the same meaning in this Ground Lease.

ARTICLE II

LEASE OF THE PROPERTY; RENTAL

Section 2.01 Lease of Property. The City hereby leases to the Authority, and the Authority hereby leases from the City, for the benefit of the Owners of the Bonds, the Property, subject only to Permitted Encumbrances, to have and to hold for the term of this Ground Lease.

Section 2.02 Rental. The Authority shall pay to the City as and for rental of the Property hereunder, the sum of \$ _____, the receipt of which is hereby acknowledged.

ARTICLE III

QUIET ENJOYMENT

The parties intend that the Property will be leased back to the City pursuant to the Lease Agreement for the term thereof. It is further intended that, to the extent provided herein and in the Lease Agreement, if an event of default occurs under the Lease Agreement, the Authority, or its assignee, will have the right, for the then remaining term of this Ground Lease to (a) take possession of the Property, (b) if it deems it appropriate, cause an appraisal of the Property and a study of the then reasonable use thereof to be undertaken, and (c) relet the Property. Subject to any rights the City may have under the Lease Agreement (in the absence of an event of default) to possession and enjoyment of the Property, the City hereby covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Property during the term hereof and will, at the request of the Authority and at the City's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

ARTICLE IV

SPECIAL COVENANTS AND PROVISIONS

Section 4.01 Waste. The Authority agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Section 4.02 Further Assurances and Corrective Instruments. The City and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby

leased or intended so to be or for carrying out the expressed intention of this Ground Lease, the Indenture and the Lease Agreement.

Section 4.03 Waiver of Personal Liability. All liabilities under this Ground Lease on the part of the Authority shall be solely liabilities of the Authority as a joint exercise of powers entity, and the City hereby releases each and every director, officer and employee of the Authority of and from any personal or individual liability under this Ground Lease. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable under this Ground Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

All liabilities under this Ground Lease on the part of the City shall be solely liabilities of the City as a public corporation, and the Authority hereby releases each and every member, officer and employee of the City of and from any personal or individual liability under this Ground Lease. No member, officer or employee of the City shall at any time or under any circumstances be individually or personally liable under this Ground Lease to the Authority or to any other party whomsoever for anything done or omitted to be done by the City hereunder.

Section 4.04 Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Section 4.05 Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Section 4.06 Representations of the City. The City represents and warrants to the Authority and the Trustee as follows:

(a) the City has the full power and authority to enter into, to execute and to deliver this Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of this Ground Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the City;

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full; and

(d) the City has a current need for the Property in order for the City to perform its governmental functions.

Section 4.07 Representations of the Authority. The Authority represents and warrants to the City and the Trustee that the Authority has the full power and authority to enter into, to execute and to deliver this Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution and delivery of this Ground Lease.

ARTICLE V

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING; SUBSTITUTION AND RELEASE

Section 5.01 Assignment and Subleasing. This Ground Lease may be sold or assigned and the Property subleased, as a whole or in part, by the Authority without the necessity of obtaining the consent of the City, if an event of default occurs under the Lease Agreement. The Authority shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the City a true and correct copy of such assignment, sale or sublease, as the case may be.

Section 5.02 Restrictions on City. The City agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of this Ground Lease.

Section 5.03 Substitution. Upon the substitution or release of Property subject to the Lease Agreement pursuant to Section 9.03 thereof, the Property subject to this Ground Lease shall be modified to the same extent, and the City and the Authority shall execute and cause to be recorded corrective instruments reflecting such substitution and/or release.

ARTICLE VI

TERM; TERMINATION

Section 6.01 Term. The term of this Ground Lease shall commence as of the date of commencement of the term of the Lease Agreement and shall remain in full force and effect from such date to and including March 1, 20__, unless such term is extended or sooner terminated as hereinafter provided.

Section 6.02 Extension; Early Termination. If, on March 1, 20__, the Bonds shall not be fully paid, or provision therefor made in accordance with Article X of the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments payable under the Lease Agreement shall have been abated at any time, then the term of this Ground Lease shall be automatically extended until the date upon which all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, and the Indenture shall be discharged by its terms, except that the term of this Ground Lease shall in no event be extended more than ten years. If, prior to March 1, 20__, all Bonds shall be fully paid, or provisions therefor made in accordance with Article X of the Indenture, and the Indenture shall be discharged by its terms, the term of this Ground Lease shall end simultaneously therewith.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Binding Effect. This Ground Lease shall inure to the benefit of and shall be binding upon the City, the Authority and their respective successors and assigns.

Section 7.02 Severability. In the event any provision of this Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.03 Amendments, Changes and Modifications. This Ground Lease may be amended, changed, modified, altered or terminated only in accordance with the provisions of the Lease Agreement.

Section 7.04 Assignment to Trustee. The Authority and City acknowledge that the Authority has assigned its right, title and interest in and to this Ground Lease (but none of its obligations and none of its rights to provide consents or approvals hereunder) to the Trustee pursuant to certain provisions of the Assignment Agreement. The City consents to such assignment.

Section 7.05 Execution In Counterparts. This Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.06 Applicable Law. This Ground Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 7.07 Captions. The captions or headings in this Ground Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Ground Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the City have caused this Ground Lease to be executed by their respective officers hereunto duly authorized, all as of the day and year first above written.

CITY OF GARDEN GROVE

By: _____

City Manager

ATTEST:

City Clerk

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____

Executive Director

ATTEST:

Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Special Counsel

ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF ORANGE

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA

)

)

ss.

)

COUNTY OF ORANGE

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

DESCRIPTION OF THE PROPERTY

All that real property situated in the County of Orange, State of California, described as follows:

LEASE AGREEMENT

by and between

CITY OF GARDEN GROVE

and

GARDEN GROVE PUBLIC FINANCING AUTHORITY

Dated as of November 1, 2015

Relating to

**[\$Bond Amount]
Garden Grove Public Financing Authority
Lease Revenue Bonds, Series 2015A**

TABLE OF CONTENTS

		Page
ARTICLE I	DEFINITIONS.....	2
Section 1.01	Definitions	2
ARTICLE II	LEASE OF PROPERTY; TERM	4
Section 2.01	Lease of Property	4
Section 2.02	Term; Occupancy.....	4
ARTICLE III	RENTAL PAYMENTS	4
Section 3.01	Base Rental Payments.....	4
Section 3.02	Additional Rental Payments	5
Section 3.03	Fair Rental Value	5
Section 3.04	Payment Provisions.....	6
Section 3.05	Appropriations Covenant.....	6
Section 3.06	Rental Abatement	6
ARTICLE IV	MAINTENANCE, ALTERATIONS AND ADDITIONS	7
Section 4.01	[Reserved].....	7
Section 4.02	Maintenance and Utilities	7
Section 4.03	Additions to Property.....	7
Section 4.04	Installation of City's Equipment.....	7
ARTICLE V	INSURANCE.....	8
Section 5.01	Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance.....	8
Section 5.02	Title Insurance	9
Section 5.03	Additional Insurance Provision; Form of Policies.....	9
Section 5.04	Self-Insurance	9
ARTICLE VI	DEFAULTS AND REMEDIES	10
Section 6.01	Defaults and Remedies	10
Section 6.02	Waiver.....	12
ARTICLE VII	EMINENT DOMAIN; PREPAYMENT	13
Section 7.01	Eminent Domain	13
Section 7.02	Prepayment	13
ARTICLE VIII	COVENANTS	14
Section 8.01	Right of Entry	14
Section 8.02	Liens.....	14
Section 8.03	Quiet Enjoyment.....	14
Section 8.04	Authority Not Liable.....	14
Section 8.05	Assignment and Subleasing	15
Section 8.06	Title to Property	16
Section 8.07	Authority's Purpose	16
Section 8.08	Representations of the City	16
Section 8.09	Representation of the Authority.....	16

TABLE OF CONTENTS
(continued)

		Page
ARTICLE IX	NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE	16
Section 9.01	No Consequential Damages	16
Section 9.02	Use of the Property	16
Section 9.03	Substitution or Release of the Property	16
ARTICLE X	MISCELLANEOUS	17
Section 10.01	Law Governing	17
Section 10.02	Notices	17
Section 10.03	Validity and Severability	18
Section 10.04	Net-Net-Net Lease	18
Section 10.05	Taxes	18
Section 10.06	Section Headings	18
Section 10.07	Amendments	18
Section 10.08	Assignment	19
Section 10.09	Execution	19
Signatures	S-1
EXHIBIT A	DESCRIPTION OF THE PROPERTY	A-1
EXHIBIT B	BASE RENTAL PAYMENT SCHEDULE.....	B-1

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease Agreement") executed and entered into as of November 1, 2015, is by and between the CITY OF GARDEN GROVE (the "City"), a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessee, and the GARDEN GROVE PUBLIC FINANCING AUTHORITY (the "Authority"), a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California, as lessor.

RECITALS

WHEREAS, the City and the Authority desire to finance a portion of the costs of the acquisition, construction and installation of various public improvements as defined in the Indenture described below (the "2015 Project");

WHEREAS, the City and the Authority desire to refinance the City's Certificates of Participation Series A of 2002 (2002 Financing Project) and the City's lease obligations in connection therewith, the proceeds of which were used to finance a portion of the costs of the acquisition, construction and installation of certain property described in the proceedings for the 2002 Certificates (the "2002 Project" and with the 2015 Project, the "Project");

WHEREAS, in order to finance the 2015 Project and refinance the 2002 Project, the City will lease certain real property and the improvements located thereon (the "Property") to the Authority pursuant to a Ground Lease, dated as of the date hereof, and the City will sublease the Property back from the Authority pursuant to this Lease Agreement;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to finance the 2015 Project and refinance the 2002 Project through the issuance by the Authority of bonds payable from the base rental payments (the "Base Rental Payments") to be made by the City under this Lease Agreement;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide for the issuance of such bonds payable from the Base Rental Payments pursuant to an Indenture, dated as of the date hereof, by and among the Authority, the City and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Lease Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease Agreement;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease Agreement, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

“**Additional Bonds**” means bonds other than the Series 2015A Bonds issued under the Indenture in accordance with the provisions thereof

“**Additional Rental Payments**” means all amounts payable by the City as Additional Rental Payments pursuant to Section 3.02 hereof.

“**Authority**” means the Garden Grove Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

“**Base Rental Deposit Date**” means the 15th day of the month next preceding each Interest Payment Date.

“**Base Rental Payments**” means all amounts payable to the Authority from the City as Base Rental Payments pursuant to Section 3.01 hereof.

“**Base Rental Payment Schedule**” means the schedule of Base Rental Payments payable to the Authority from the City pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

“**Bonds**” means the Garden Grove Public Financing Authority Lease Revenue Bonds Series 2015A issued under the Indenture, and any Additional Bonds.

“**City**” means the City of Garden Grove, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“**Delivery Date**” means _____, 2015.

“**Ground Lease**” means the Ground Lease, dated as of the date hereof, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with to the provisions thereof and hereof.

“**Indenture**” means the Indenture, dated as of the date hereof, by and among the Authority, the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

“**Joint Powers Agreement**” means the Joint Exercise of Powers Agreement, dated as of June 22, 1993, by and between the City and the Redevelopment Agency of the City of Garden Grove, as amended as of March 28, 2006, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Lease Agreement**” means this Lease Agreement, as originally executed and as it may from time to time be amended in accordance with the provisions hereof.

“**Net Insurance Proceeds**” means any insurance proceeds or condemnation award in excess of \$50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

“**Permitted Encumbrances**” means, with respect to the Property, as of any particular time, (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Article V hereof, permit to remain unpaid, (b) the Assignment Agreement, (c) this Lease Agreement, (d) the Ground Lease, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Property for the purposes for which it was , acquired or is held by the City, (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Delivery Date which the City certifies in writing will not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Delivery Date which the City certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing.

“**Property**” means the real property described in Exhibit A hereto and the improvements located thereon.

“**Rental Payments**” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“**Rental Period**” means the twelve-month period commencing on March 1 of each year during the term of the Lease Agreement.

“**Series 2015A Bonds**” means the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A issued under the Indenture.

“**Termination Date**” means March 1, 20__, unless extended or sooner terminated as provided in Section 2.02 hereof.

“**Trustee**” means the trustee appointed under the Indenture and referred to therein as the Trustee.

ARTICLE II

LEASE OF PROPERTY; TERM

Section 2.01 Lease of Property.

(a) The Authority hereby leases to the City and the City hereby leases from the Authority the Property, on the terms and conditions hereinafter set forth, subject to all Permitted Encumbrances.

(b) The leasing of the Property by the City to the Authority pursuant to the Ground Lease shall not effect or result in a merger of the City's leasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Ground Lease, and the Authority shall continue to have a leasehold estate in the Property pursuant to the Ground Lease throughout the term thereof and hereof. The leasehold interest granted by the City to the Authority pursuant to the Ground Lease is and shall be independent of this Lease Agreement; this Lease Agreement shall not be an assignment or surrender of the leasehold interest granted to the Authority under the Ground Lease.

Section 2.02 Term; Occupancy. The term of this Lease Agreement shall commence on the Delivery Date and shall end on the Termination Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Termination Date the Bonds shall not be fully paid, or provision therefor made in accordance with Article X of the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments shall remain due and payable or shall have been abated at any time and for any reason, then the term of this Lease Agreement shall be extended until the date upon which (i) all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, or (ii) the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full. Notwithstanding the foregoing, the term of this Lease Agreement shall in no event be extended more than ten years beyond such Termination Date. Such extended date being the "Maximum Lease Term." If prior to the Termination Date, all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full, the term of this Lease Agreement shall end simultaneously therewith.

ARTICLE III

RENTAL PAYMENTS

Section 3.01 Base Rental Payments.

(a) Subject to the provisions hereof relating to a revision of the Base Rental Payment Schedule pursuant to subsection (b) of this Section, the City shall pay to the Authority, as Base Rental Payments (subject to the provisions of Section 3.06 and Article VII hereof) the amount at the times specified in the Base Rental Payment Schedule, a portion of which Base Rental Payments shall constitute principal, and a portion of which shall constitute interest. Rental Payments, including Base Rental Payments, shall be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or of the State of California, or of any political subdivision thereof, within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

(b) If the term of this Lease Agreement shall have been extended pursuant to Section 2.02 hereof, the obligation of the City to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of this Lease Agreement (as so extended pursuant to Section 2.02 hereof). Upon such extension, the Base Rental Payments shall be established so that they will be sufficient to pay all extended and unpaid Base Rental Payments; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the annual fair rental value of the Property.

Section 3.02 Additional Rental Payments. The City shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

(a) all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein;

(b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees;

(c) insurance premiums for all insurance required pursuant to Article V hereof;

(d) any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with Section 148(f) of the Code; and

(e) all other payments required to be paid by the City under the provisions of this Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable hereunder shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Section 3.03 Fair Rental Value. The parties hereto have agreed and determined that the annual fair rental value of the Property is not less than the maximum annual Rental Payments due in any year. In making such determination of fair rental value, consideration has been given to the uses and purposes that may be served by the Property and the benefits therefrom which will accrue to the City and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Section 3.04 Payment Provisions. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the principal office of the Trustee in Los Angeles, California, or such other place or entity as the Authority shall designate. Each Base Rental Payment shall be deposited with the Trustee no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due. Any Base Rental Payment which shall not be paid by the City when due and payable under the terms of this Lease Agreement shall bear interest from the date when the same is due hereunder until the same shall be paid at the rate equal to the highest rate of interest on any of the Outstanding Bonds. Notwithstanding any dispute between the Authority and the City, the City shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this Section on any date shall be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund.

Section 3.05 Appropriations Covenant. The City covenants to take such action as may be necessary to include all Rental Payments due hereunder as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The City will deliver to the Authority and the Trustee a Certificate of the City stating that its final annual budget includes all Base Rental Payments due in such fiscal year within thirty days after the filing or adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City.

Section 3.06 Rental Abatement. Except as otherwise specifically provided in this Section, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments shall be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement shall continue in full force and effect. The amount of such abatement shall be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. The City and the Authority shall calculate such abatement and shall provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of this Lease Agreement shall be extended as provided in Section 2.02 hereof, except that the term shall in no event be extended beyond the Maximum Lease Term.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments

shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds and accounts.

ARTICLE IV

MAINTENANCE, ALTERATIONS AND ADDITIONS

Section 4.01 [Reserved]

Section 4.02 Maintenance and Utilities. Throughout the term of this Lease Agreement, as part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Rental Payments, the Authority agrees to provide only the Property.

Section 4.03 Additions to Property. Subject to Section 8.02 hereof, the City and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. Such additions, modifications and improvements shall not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such additions, modifications and improvements.

Section 4.04 Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. The City or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City or any sublessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

ARTICLE V

INSURANCE

Section 5.01 Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance.

(a) The City shall maintain or cause to be maintained, throughout the term of this Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 per occurrence for personal injuries to or death of one or more persons and/or property damage. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City provided such self-insurance complies with the provisions of Section 5.04 hereof. The Net Insurance Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Insurance Proceeds of such insurance shall have been paid.

(b) The City shall maintain or cause to be maintained, throughout the term of this Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 5.04 hereof.

(c) The City shall maintain or cause to be maintained, fire, lightning and special extended coverage insurance (which shall include coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. The City has an insurance policy which provides replacement cost coverage. All insurance required to be maintained pursuant to this subsection may be subject to a deductible in an amount not to exceed \$500,000. The City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 5.04 hereof.

(d) The City shall maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to subsection (c) of this Section in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City shall not be permitted to self-insure its obligation under this subsection.

(e) The insurance required by this Section shall be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of a

professionally certified risk manager or an independent insurance consultant, to be adequate for the purposes hereof.

Section 5.02 Title Insurance. The City shall provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Series 2015A Bonds, said policy or policies shall insure (a) the fee interest of the City in the Property, (b) the Authority's ground leasehold estate in the Property under the Ground Lease, and (c) the City's leasehold estate hereunder in the Property, subject only to Permitted Encumbrances. All Net Insurance Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in Section 5.04 of the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant to the Indenture or this Lease Agreement or required thereby or hereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Bond Owners.

Section 5.03 Additional Insurance Provision; Form of Policies. The City shall pay or cause to be paid when due the premiums for all insurance policies required by Section 5.01 hereof, and shall promptly furnish or cause to be furnished evidence of such payments to the Trustee. All such policies shall provide that the Trustee shall be given 30 days notice of the expiration thereof or any intended cancellation thereof. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

The City shall cause to be delivered to the Trustee on or before August 15 each year, commencing August 15, 2016, a schedule of the insurance policies being maintained in accordance herewith and a Certificate of the City stating that such policies are in full force and effect and that the City is in full compliance with the requirements of this Article. The Trustee shall be entitled to rely upon said Certificate of the City as to the City's compliance with this Article. The Trustee shall not be responsible for the sufficiency of coverage or amounts of such policies.

Section 5.04 Self-Insurance. Insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance shall be deemed to be self-insurance for purposes hereof. Any self-insurance maintained by the City through a joint powers authority or otherwise pursuant to this Article shall comply with the following terms:

(a) in the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by the actuary or by an independent insurance consultant, shall be maintained; and

(b) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated periodically by an independent actuary or by an independent insurance consultant and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of an independent actuary or such independent insurance consultant, as applicable.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01 Defaults and Remedies.

(a) (i) If the City shall fail (A) to pay any Rental Payment payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence in this Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained herein or in the Indenture to be kept or performed by the City, or (ii) upon the happening of any of the events specified in this subsection or in subsection (b) of this Section, the City shall be deemed to be in default hereunder and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement. The City shall in no event be in default in the observance or performance of any covenant, condition or agreement in this Lease Agreement on its part to be observed or performed, other than as referred to in clause (i)(A) or (ii) of the preceding sentence, unless the City shall have failed, for a period of 30 days or such additional time as is reasonably required to correct any such default after notice by the Authority to the City properly specifying wherein the City has failed to perform any such covenant, condition or agreement. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Lease Agreement in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Property as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City. In the event of such termination, the City agrees to surrender immediately possession of the Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay Rental Payments or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under this Lease Agreement shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease Agreement. The City covenants and agrees that no surrender of the Property or of the remainder of the term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated by the Authority by such written notice.

(2) Without terminating this Lease Agreement, (x) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Property, or (y) to exercise any and all rights of entry and re-entry upon the Property. In the event the Authority does not elect to terminate this Lease Agreement in the manner provided for in

subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of this Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Rental Payments hereunder, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Authority elect to re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City, and the City hereby indemnifies and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-let the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The City further agrees to pay the Authority the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Property.

(b) If (i) the City's interest in this Lease Agreement or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority and, as hereinafter provided for, or (ii) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to elect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be

appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general assignment for the benefit of the City's creditors, or (iii) the City shall abandon or vacate the Property, then the City shall be deemed to be in default hereunder.

(c) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default, the Authority and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by the Lease Agreement or by law. The provisions of the Lease Agreement and the duties of the City and of its city council, officers or employees shall be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee shall have the right to bring the following actions:

(i) Accounting. By action or suit in equity to require the City and its city council, officers and employees and its assigns to account as the trustee of an express trust.

(ii) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or its assignee.

(iii) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City (and its city council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided herein.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Property. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Lease Agreement, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder.

Notwithstanding anything to the contrary contained in this Lease Agreement, the Authority shall have no right upon a default hereunder by the City to accelerate Rental Payments.

(d) Notwithstanding anything to the contrary contained in this Lease Agreement, the termination of this Lease Agreement by the Authority and its assignees on account of a default by the City under this Section shall not effect or result in a termination of the Ground Lease.

Section 6.02 Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver

of a particular default shall not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease Agreement.

ARTICLE VII

EMINENT DOMAIN; PREPAYMENT

Section 7.01 Eminent Domain. If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the City) shall be taken under the power of eminent domain, the term hereof shall cease as of the day that possession shall be so taken. If less than all of the Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the City at the time of such taking, then the Lease Agreement shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the Rental Payments in accordance with the provisions of Section 3.06 hereof. So long as any Bonds shall be Outstanding, any award made in eminent domain proceedings for the taking of the Property, or any portion thereof, shall be paid to the Trustee and applied to the redemption of Bonds as provided in subsection (a) of Section 4.01 of the Indenture, in the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued and in Section 5.03 of the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and hereunder, have been fully paid, shall be paid to the Authority and to the City as their respective interests may appear.

Section 7.02 Prepayment.

(a) The City may prepay all or a portion of the Base Rental Payments attributable to the Series 2015A Bonds which are payable on or after September 1, 2026, from any source of available funds, on any date on or after September 1, 2025, by paying (i) all or a portion, as selected by the City, of the principal components of such Base Rental Payments, and (ii) the accrued but unpaid interest component of such Base Rental Payments to be prepaid to the date of such prepayment.

(b) The City may prepay, from any source of available funds, all or any portion of the Base Rental Payments attributable to the Series 2015A Bonds by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in Article X of the Indenture sufficient to make such Base Rental Payments when due or to make such Base Rental Payments through a specified date on which the City has a right to prepay such Base Rental Payments pursuant to subsection (a) of this Section, and to prepay such Base Rental Payments on such prepayment date, at a prepayment price determined in accordance with subsection (a) of this Section.

(c) If less than all of the Base Rental Payments attributable to the Series 2015A Bonds are prepaid pursuant to this Section then, as of the date of such prepayment pursuant to subsection (a) of this Section, or the date of a deposit pursuant to subsection (b) of this Section, the principal and interest components of such Base Rental Payments shall be recalculated in order to take such prepayment into account. The City agrees that if, following a partial prepayment of such Base Rental Payments, the Property is damaged or destroyed or taken by eminent domain, or a defect in title to the Property is discovered, the City shall not be entitled to, and by such prepayment waives

the right of, abatement of such prepaid Base Rental Payments and the City shall not be entitled to any reimbursement of such Base Rental Payments.

(d) If all of the Base Rental Payments are prepaid in accordance with the provisions of this Lease Agreement then, as of the date of such prepayment pursuant to subsection (a) of this Section and, if applicable, the corresponding provisions hereof relating to the prepayment of Base Rental Payments attributable to Additional Bonds, or deposit pursuant to subsection (b) of this Section and, if applicable, such corresponding provisions, and payment of all other amounts owed under this Lease Agreement, the term of this Lease Agreement shall be terminated.

(e) Prepayments of Base Rental Payments attributable to the Series 2015A Bonds made pursuant to this Section shall be applied to the redemption of the Series 2015A Bonds as directed by the City and as provided in Section 4.01 of the Indenture.

(f) Before making any prepayment pursuant to this Article, the City shall give written notice to the Authority and the Trustee specifying the date on which the prepayment will be made, which date shall be not less than 45 nor more than 60 days from the date such notice is given to the Authority.

ARTICLE VIII

COVENANTS

Section 8.01 Right of Entry. The Authority and its assignees shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under this Lease Agreement, and for all other lawful purposes.

Section 8.02 Liens. In the event the City shall at any time during the term of this Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien, it may do so as long as such contestment is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment.

Section 8.03 Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Lease Agreement peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Authority.

Section 8.04 Authority Not Liable. The Authority and its directors, officers, agents and employees, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about

the Property. To the extent permitted by law, the City shall, at its expense, indemnify and hold the Authority and the Trustee and all directors, members, officers and employees thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The City also covenants and agrees, at its expense, to pay and indemnify and save the Authority and the Trustee and all directors, officers and employees thereof harmless - against and from any and -all claims arising from (a) any condition of the Property and the adjoining sidewalks and passageways, (b) any breach or default on the part of the City in the performance of any covenant or agreement to be performed by the City pursuant to this Lease Agreement, (c) any act or negligence of licensees in connection with their use, occupancy or Operation of the Property, or (d) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Authority or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the City, upon notice from the Authority or the Trustee or such director, member, officer employee thereof, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Authority or the Trustee or such director, member, officer or employee thereof.

Section 8.05 Assignment and Subleasing. Neither this Lease Agreement nor any interest of the City hereunder shall be sold, mortgaged, pledged, assigned, or transferred by the City by voluntary act or by operation by law or otherwise. The Property may not be subleased in whole or in part by the City without the prior written consent of the Authority. Any such sublease shall be subject to all of the following conditions:

(a) this Lease Agreement and the obligation of the City to make all Rental Payments hereunder shall remain the primary obligation of the City;

(b) the City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) no such sublease by the City shall cause the Property to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State of California;

(d) any sublease of the Property by the City shall explicitly provide that such sublease is subject to all rights of the Authority under the Lease Agreement, including, the right to re-enter and re-let the Property or terminate the Lease Agreement upon a default by the City; and

(e) the City shall furnish the Authority and the Trustee with an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

Section 8.06 Title to Property. Upon the termination or expiration of this Lease Agreement (other than as provided in Section 6.01 and Section 7.01 hereof), and the first date upon which the Bonds are no longer Outstanding, all right, title and interest in and to the Property shall vest in the City. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Section 8.07 Authority's Purpose. The Authority covenants that, prior to the discharge of this Lease Agreement and the Bonds, it will not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the Joint Powers Agreement.

Section 8.08 Representations of the City. The City represents and warrants to the Authority that (a) the City has the full power and authority to enter into, to execute and to deliver this Lease Agreement and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Lease Agreement and the Indenture, and (b) the Property will be used in the performance of essential governmental functions.

Section 8.09 Representation of the Authority. The Authority represents and warrants to the City that the Authority has the full power and authority to enter into, to execute and to deliver this Lease Agreement, the Assignment Agreement and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Lease Agreement, the Assignment Agreement and the Indenture.

ARTICLE IX

NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE

Section 9.01 No Consequential Damages. In no event shall the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease Agreement or the City's use of the Property.

Section 9.02 Use of the Property. The City will not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease Agreement. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under this Lease Agreement.

Section 9.03 Substitution or Release of the Property. The City shall have the right to substitute alternate real property for all or any portion of the Property or to release a portion of the Property from this Lease Agreement. All costs and expenses incurred in connection with such substitution or release shall be borne by the City. Notwithstanding any substitution or release of Property pursuant to this subsection, there shall be no reduction in or abatement of the Base Rental Payments due from the City hereunder as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to the following specific conditions, which are hereby made conditions precedent to such substitution or release:

addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram Or telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 10.03 Validity and Severability. If for any reason this Lease Agreement shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay Rental Payments, is unenforceable for the full term hereof; then and in such event this Lease Agreement is and shall be deemed to be a Lease Agreement under which the Rental Payments are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Property, and all of the terms, provisions and conditions of this Lease Agreement, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 10.04 Net-Net-Net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the City and the Authority.

Section 10.05 Taxes. The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the term of this Lease Agreement as and when the same become due.

The City or any sublessee may, at the City's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the City or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the City or such sublessee shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Section 10.06 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease Agreement.

Section 10.07 Amendments.

(a) This Lease Agreement and the Ground Lease may be amended and the rights and obligations of the Authority and the City hereunder and thereunder may be amended at any time by an amendment hereto or thereto which shall become binding upon execution and delivery by the

Authority and the City, but only with the prior written consent of the Owners of a majority of the principal amount of the Bonds then Outstanding pursuant to the Indenture, provided that no such amendment shall (i) extend the payment date of any Base Rental Payments, reduce the interest component or principal component of any Base Rental Payments or change the prepayment terms and provisions, without the prior written consent of the Owner of each Bond so affected, or (ii) reduce the percentage of the principal amount of the Bonds the consent of the Owners of which is required-for the execution of any amendment of this Lease Agreement or the Ground Lease.

(b) This Lease Agreement and the Ground Lease and the rights and obligations of the Authority and the City hereunder and thereunder may also be amended at any time by an amendment hereto or thereto which shall become binding upon execution by the Authority and the City, without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed herein or therein other agreements, conditions, covenants and temps thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved herein or therein to or conferred herein or therein on the Authority or the City, and which in either case shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or therein or in regard to questions arising hereunder or thereunder which the Authority or the City may deem desirable or necessary and not inconsistent herewith or therewith, and which shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(iv) to provide for the substitution or release of a portion of the Property in accordance with the provisions of Section 9.03 hereof;

(v) to provide for the issuance of Additional Bonds in accordance with Article III of the Indenture; or

(vi) to make such other changes herein or therein or modifications hereto or thereto as the Authority or the City may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel.

Section 10.08 Assignment. The City and the Authority hereby acknowledge the assignment of this Lease Agreement (except for the Authority's obligations and its rights to give consents or approvals hereunder), and the Base Rental Payments payable hereunder, to the Trustee pursuant to the Assignment Agreement.

Section 10.09 Execution. This Lease Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the City have caused this Lease Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF GARDEN GROVE

By: _____
City Manager

ATTEST:

City Clerk

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Special Counsel

EXHIBIT A
DESCRIPTION OF THE PROPERTY

All that real property situated in the County of Orange, State of California, described as follows:

EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

<i>Date</i>	<i>Principal Component</i>	<i>Interest Component</i>	<i>Total Base Rental</i>
9/1/2015			
3/1/2016			
9/1/2016			
3/1/2017			
9/1/2017			
3/1/2018			
9/1/2018			
3/1/2019			
9/1/2019			
3/1/2020			
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3/1/2032			
9/1/2032			
3/1/2033			
9/1/2033			

INDENTURE

by and among

GARDEN GROVE PUBLIC FINANCING AUTHORITY

and

CITY OF GARDEN GROVE

and

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

Dated as of November 1, 2015

Relating to

**[\$Bond Amount]
GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2015A**

TABLE OF CONTENTS

Page

ARTICLE I
DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions.....2
Section 1.02 Equal Security 13

ARTICLE II
THE BONDS

Section 2.01 Authorization of Bonds 14
Section 2.02 Terms of Series 2015 Bonds 14
Section 2.03 Form of Series 2015 Bonds..... 16
Section 2.04 Transfer and Exchange of Bonds 16
Section 2.05 Registration Books 16
Section 2.06 Execution of Bonds 16
Section 2.07 Authentication of Bonds 17
Section 2.08 Temporary Bonds..... 17
Section 2.09 Bonds Mutilated, Lost, Destroyed or Stolen..... 17
Section 2.10 Book-Entry Bonds..... 17

ARTICLE III
ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01 Issuance of Series 2015 Bonds..... 19
Section 3.02 Application of Proceeds of the Series 2015 Bonds..... 19
Section 3.03 [Reserved] 19
Section 3.04 Costs of Issuance Fund..... 19
Section 3.05 Construction Fund..... 20
Section 3.06 Conditions for the Issuance of Additional Bonds 20
Section 3.07 Procedure for the Issuance of Additional Bonds..... 21
Section 3.08 Additional Bonds 22

ARTICLE IV
REDEMPTION OF BONDS

Section 4.01 Redemption of Series 2015 Bonds 23
Section 4.02 Notice of Redemption 23
Section 4.03 Selection of Bonds for Redemption 23
Section 4.04 Partial Redemption of Bonds 24
Section 4.05 Effect of Notice of Redemption 24

ARTICLE V
SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.01 Pledge; Special Obligations 24
Section 5.02 Flow of Funds 25
Section 5.03 Application of Net Insurance Proceeds..... 26
Section 5.04 Title Insurance..... 27
Section 5.05 Rebate Fund 27
Section 5.06 Investment of Moneys..... 27

TABLE OF CONTENTS
(continued)

Page

ARTICLE VI
COVENANTS

Section 6.01	Compliance with Agreements.....	28
Section 6.02	Compliance with Ground Lease and Lease Agreement.....	29
Section 6.03	Observance of Laws and Regulations.....	29
Section 6.04	Other Liens.....	29
Section 6.05	Prosecution and Defense of Suits.....	29
Section 6.06	Accounting Records and Statements.....	29
Section 6.07	Recordation and Filing.....	30
Section 6.08	Tax Covenants.....	30
Section 6.09	Continuing Disclosure.....	30
Section 6.10	Further Assurances.....	30

ARTICLE VII
DEFAULT AND LIMITATIONS OF LIABILITY

Section 7.01	Action on Default.....	31
Section 7.02	Other Remedies of the Trustee.....	31
Section 7.03	Non-Waiver.....	31
Section 7.04	Remedies Not Exclusive.....	32
Section 7.05	No Liability by the Authority to the Owners.....	32
Section 7.06	No Liability by the City to the Owners.....	32
Section 7.07	No Liability of the Trustee to the Owners.....	32
Section 7.08	Application of Amounts After Default.....	32
Section 7.09	Trustee May Enforce Claims Without Possession of Bonds.....	33
Section 7.10	Limitation on Suits.....	33

ARTICLE VIII
THE TRUSTEE

Section 8.01	Employment of the Trustee.....	33
Section 8.02	Duties, Removal and Resignation of the Trustee.....	34
Section 8.03	Compensation of the Trustee.....	34
Section 8.04	Protection of the Trustee.....	35

ARTICLE IX
MODIFICATION OR AMENDMENTS

Section 9.01	Modifications and Amendments Permitted.....	37
Section 9.02	Effect of Supplemental Indenture.....	38
Section 9.03	Endorsement of Bonds; Preparation of New Bonds.....	38
Section 9.04	Amendment of Particular Bonds.....	39

ARTICLE X
DEFEASANCE

Section 10.01	Discharge of Indenture.....	39
Section 10.02	Bonds Deemed To Have Been Paid.....	40
Section 10.03	Payment of Bonds After Discharge of Indenture.....	40

TABLE OF CONTENTS
(continued)

Page

ARTICLE XI
MISCELLANEOUS

Section 11.01	Benefits of Indenture Limited to Parties	40
Section 11.02	Successor Deemed Included in all References to Predecessor	41
Section 11.03	Execution of Documents by Owners.....	41
Section 11.04	Waiver of Personal Liability	41
Section 11.05	Destruction of Bonds.....	41
Section 11.06	Funds and Accounts	41
Section 11.07	Article and Section Headings Gender and References.....	42
Section 11.08	Partial Invalidity.....	42
Section 11.09	Disqualified Bonds.....	42
Section 11.10	Money Held for Particular Bonds	42
Section 11.11	Payment on Non-Business Days	43
Section 11.12	California Law	43
Section 11.13	Notices	43
Section 11.14	Notice to Rating Agencies	43
Section 11.15	Execution in Counterparts.....	43
Signatures	S-1
EXHIBIT A	FORM OF SERIES 2015A BOND.....	A-1
EXHIBIT B	FORM OF WRITTEN REQUEST FOR CONSTRUCTION FUND DISBURSEMENT	B-1

INDENTURE

THIS INDENTURE (this “Indenture”), executed and entered into as of November 1, 2015, is by and among the GARDEN GROVE PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity duly organized and existing under the laws of the State of California (the “Authority”), the CITY OF GARDEN GROVE, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”) and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the City desires to finance the acquisition and construction of fire station, police building renovations and/or other public improvements within the City, and such other projects identified in the City’s capital improvement plan as selected by the City Council as approved by an Opinion of Counsel to the effect that such other projects or improvements will not adversely affect the exclusion of interest on any tax-exempt Bonds from gross income for federal income tax purposes (the “2015 Project”);

WHEREAS, the City and the Authority desire to prepay the City of Garden Grove Certificates of Participation Series A of 2002 (2002 Financing Project) (the “2002 COPs”) and the City’s lease obligations in connection therewith, the proceeds of which were used to finance the costs of the acquisition, construction and installation of certain property described in the proceedings for the 2002 Certificates (the “2002 Project,” and with the 2015 Project, the “Project”);

WHEREAS, in order to finance the 2015 Project and refinance the 2002 Project, the City will lease certain real property and the improvements located thereon (the “Property”) to the Authority pursuant to a Ground Lease, dated as of the date hereof, and the City will sublease the Property back from the Authority pursuant to a Lease Agreement, dated as of the date hereof (the “Lease Agreement”);

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to finance the 2015 Project and refinance the 2002 Project through the issuance by the Authority of bonds payable from the base rental payments (the “Base Rental Payments”) to be made by the City under the Lease Agreement;

WHEREAS, all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof;

WHEREAS, the Authority and the City desire to provide for the issuance by the Authority of Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A (the “Series 2015 Bonds”), in the aggregate principal amount of \$[Bond Amount], in order to finance the 2015 Project and refinance the 2002 Project;

WHEREAS, the Series 2015 Bonds will be payable equally and ratably from the Base Rental Payments;

WHEREAS, the Authority and the City desire to provide for the issuance of additional bonds (the “Additional Bonds”) payable from the Base Rental Payments on a parity with the Series 2015 Bonds (the Series 2015 Bonds and any such Additional Bonds being collectively referred to as the “Bonds”);

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Authority and the City have authorized the execution and delivery of this Indenture; and

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

NOW THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties do hereby agree as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Lease Agreement.

“**Additional Bonds**” means Bonds other than the Series 2015 Bonds issued hereunder in accordance with the provisions of Sections 3.06 and 3.07 hereof.

“**Act**” means the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code.

“**Additional Rental Payments**” means all amounts payable by the City as Additional Rental Payments pursuant to Section 3.02 of the Lease Agreement.

“**Assignment Agreement**” means the Assignment Agreement, dated as of the date hereof, by and between the Authority and the Trustee.

“**Authority**” means the Garden Grove Public Financing Authority, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California.

“**Authorized Authority Representative**” means the Chairman, the Executive Director, the Treasurer of the Authority, or any other person authorized by the Board of Directors of the Authority to act on behalf of the Authority under or with respect to this Indenture.

“Authorized City Representative” means the Mayor of the City, the City Manager of the City or the Finance Director of the City, or any other person authorized by the City Council of the City to act on behalf of the City under or with respect to this Indenture.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Base Rental Payment Fund” means the fund by that name established in accordance with Section 5.02 hereof.

“Base Rental Payments” means all amounts payable to the Authority by the City as Base Rental Payments pursuant to Section 3.01 of the Lease Agreement.

“Beneficial Owner” means, whenever used with respect to a Book-Entry Bond, the person whose name is recorded as the beneficial owner of such Book-Entry Bond or a portion of such Book-Entry Bond by a Participant on the records of such Participant or such person’s subrogee.

“Bonds” means the Series 2015 Bonds and any Additional Bonds issued hereunder.

“Book-Entry Bonds” means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.10 hereof.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

“City” means the City of Garden Grove, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Closing Date” means _____, 2015.

“Code” means the Internal Revenue Code of 1986.

“Construction Fund” means the fund by that name established in accordance with Section 3.05 hereof.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated as of the date hereof, executed by the City, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Costs of Issuance” means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement, the Bonds and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, market study fees, legal fees and expenses of counsel with the issuance and delivery of the Bonds, the initial fees and expenses of the Trustee and Escrow Agent and its counsel

and other fees and expenses incurred in connection with the issuance and delivery of the Bonds, to the extent such fees and expenses are approved by the City.

“Costs of Issuance Fund” means the fund by that name established in accordance with Section 3.04 hereof.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to Section 2.10 hereof.

“Escrow Agent” means U.S. Bank National Association, as escrow agent pursuant to the Escrow Agreement.

“Escrow Fund” means the fund established and held by the Escrow Agent pursuant to the Escrow Agreement.

“Escrow Agreement” means the escrow agreement dated as of November 1, 2015 by and between the Authority and the Escrow Agent relating to the defeasance of the 2002 COPs.

“Federal Securities” means (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Forward Purchase and Sale Agreement” means an agreement entered into by the Trustee and/or the Authority and/or the City and a bank or financial institution (the “Provider”) rated “A2” or higher by Moody’s and “A” or higher by S&P providing for the Provider to tender, and for the Trustee to purchase, certain eligible securities on one or more dates occurring at least thirty (30) business days after the date of such agreement; provided that (1) securities tendered by the Provider are purchased on a delivery versus payment basis, (2) securities purchased constitute Permitted Investments at the time they are tendered, and (3) the Authority and the City receive an opinion of counsel acceptable to the Authority, to the City and to the Trustee which states that the agreement constitutes a legally valid, binding, and enforceable obligation of the Provider and that in the event of a bankruptcy of the Provider, securities sold by the Provider to the Trustee pursuant to the agreement do not constitute property of the estate of the Provider within the applicable bankruptcy or insolvency laws.

“Ground Lease” means the Ground Lease, dated as of the date hereof, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Lease Agreement.

“Indenture” means this Indenture, as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

“Information Services” means Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (EMMA) website; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information

with respect to called bonds as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“**Interest Fund**” means the fund by that name established in accordance with Section 5.02 hereof.

“**Interest Payment Date**” means March 1 and September 1 of each year, commencing on March 1, 2016.

“**Lease Agreement**” means the Lease Agreement, dated as of the date hereof, by and between the City and the Authority, as originally executed and as it may be from time to time amended in accordance with the provisions thereof.

“**Moody’s**” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“**Office of the Trustee**” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the City by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or the agency of the Trustee at which, at any particular time, its corporate trust agency shall be conducted as specified to the Authority and the City by the Trustee in writing.

“**Opinion of Counsel**” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority or the City and which written opinion is satisfactory to the Trustee.

“**Outstanding**,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09 hereof) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.01 hereof; and
- (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“**Owner**” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“**Participant**” means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

“**Participating Underwriter**” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

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

(1) (a) Direct obligations (other than an obligation subject to—Variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank 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 government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively “United States Obligations”). These include, but are not necessarily limited to:

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

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
 - Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - Senior debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal intermediate Credit Banks and Banks for Cooperatives)
 - Consolidated systemwide bonds and notes
- Federal Home Loan Banks (FHL Banks)
 - Consolidated debt obligations

- Federal National Mortgage Association (FNMA)
 - Senior debt obligations
 - Mortgage-backed securities (excluded are stripped mortgages securities which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)
 - Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)
 - Debt obligations
- Resolution Funding Corporation (REFCORP)
 - Debt obligations

(4) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 180 days) of any bank, including the Trustee and its affiliates, the short-term obligations of which are rated "A-1+" or better by S&P and "P-1" or better by Moody's.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks, including the Trustee and its affiliates, which have capital and surplus of at least \$5 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

(7) Money market funds rated "AAm" or "AAm-G" or better by S&P and "Aa2" or better by Moody's, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.

(8) Repurchase agreements:

(a) With any domestic bank the long term debt of which is rated "AA" or better by S&P and "Aa" by Moody's (so long as an opinion is rendered that the repurchase agreement is a "repurchase agreement" as defined in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and that such bank is subject to FIRREA), or any foreign bank rated at least "AA" by S&P and "Aaa" by Moody's or "AA" by S & P and at least "Aa2" by Moody's; provided the term of such repurchase agreement is for one year or less.

(b) With (i) any broker-dealer with "retail customers" which has, or the parent company of which has, long-term debt rated at least "AA" by S&P and "Aa2" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corp. (SIPC); provided that:

A. The market value of the collateral is maintained for United States Treasury Obligations, at the levels shown below under "Collateral Levels for United States Treasury Obligations";

B. Failure to maintain the requisite collateral percentage will require the City or the Trustee to liquidate the collateral;

C. The Trustee, the City or a third party acting solely as agent therefor (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

D. The repurchase agreement states, and an opinion of counsel is rendered to the effect, that the Trustee has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

E. The transferor represents that the collateral is free and clear of any third-party liens or claims;

F. An opinion is rendered that the repurchase agreement is a "repurchase agreement" as defined in the United States Bankruptcy Code;

G. There is or will be a written agreement governing every repurchase transaction;

H. The City represents that it has no knowledge of any fraud involved in the repurchase transaction; and

I. The City and the Trustee receive an opinion of counsel (which opinion shall be addressed to the City and the Trustee) that such repurchase agreement is legal, valid and binding and enforceable against the provider in accordance with its terms.

(9) State Obligations

(a) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A2" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct, general short-term obligations of any state agency or subdivision described in (a) above and rated "A-1+" by S&P and "Prime-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated "AA" or better by S&P and "Aa2" or better by Moody's.

(10) Local Agency Investment Fund.

(11) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt of the guarantor, or in the case of a monoline financial guaranty insurance company the claims paying ability of the guarantor, is rated at least "AA" by S&P and "Aa2" by Moody's; provided, that prior written notice of an investment in the investment agreement is provided to S&P and, provided, further, by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time for purposes identified in this Indenture other than acquisition of alternative investment property upon not more than seven days prior notice (which notice may be amended or withdrawn at any time prior to the specified withdrawal date); provided that the Indenture specifically requires the Trustee or the City to give notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof;

(d) a guaranteed rate of interest is to be paid on invested funds and all future deposits, if any, required to be made to restore the amount of such funds to the level specified under the Indenture;

(e) the Trustee and the City receive the opinion of domestic counsel (which opinion shall be addressed to the City) that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(f) the investment agreement shall provide that if during its term (A) the provider's or the guarantor's rating by either Moody's or S&P is withdrawn or suspended or falls below "AA" or "Aa2", respectively, or, with respect to a foreign bank, below the ratings of such provider at the delivery date of the investment agreement, the provider must, at the direction of the City or the Trustee (acting at the direction of the City) within 10 days of receipt of such direction, either (1) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Trustee, the City or a Holder of the Collateral, United States Treasury Obligations which are free and clear of any third-party liens or claims at the Collateral Levels set forth below; or (2) repay the principal of and accrued but unpaid interest on the investment (the choice of (1) or (2) above shall be that of the City or Trustee (acting at the direction of the City), as appropriate), and (B) the provider's or the guarantor's rating by either Moody's or S&P is withdrawn or suspended or falls below "A" or "A2," or, with respect to a foreign bank, below "AA" or "Aa2" by S&P or Moody's, as appropriate, the provider must, at the direction of the City or the Trustee (acting at the direction of the City), within 10 days of receipt of such

direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the City or Trustee;

(g) the investment agreement shall state, and an opinion of counsel shall be rendered to the effect, that the Trustee has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Trustee is in possession); and

(h) the investment agreement must provide that if during its term (A) the provider shall default in its payment obligations, the provider's obligation under the investment agreement shall, at the direction of the City or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate, and (B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate.

(12) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

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

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

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

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

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

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

Collateral Levels For United States Treasury Obligations

<i>Frequency of Valuation</i>	Remaining Maturity				
	<i>1 year or less</i>	<i>5 years or less</i>	<i>10 years or less</i>	<i>15 years or less</i>	<i>30 years or less</i>
Daily	102	105	106	108	114
Weekly	103	111	112	114	120
Monthly	105	117	120	125	133
Quarterly	107	120	130	133	140

Further Requirements: (a) On each valuation date, the City, or the custodian who shall confirm to the City and the Trustee, shall value the market value (exclusive of accrued interest) of the collateral, which market value will be an amount equal to the requisite collateral percentage times the principal amount of the investment (including unpaid accrued interest thereon) that is being secured, (b) in the event the collateral level is below its collateral percentage on a valuation date, such percentage shall be restored within the following restoration periods: one Business Day for daily valuations, two Business Days for weekly and monthly valuations, and one month for quarterly valuations (the use of different restoration periods affect the requisite collateral percentage), (c) the City or the Trustee (acting at the direction of the City) shall terminate the repurchase agreement or the investment agreement, as the case may be, upon a failure to maintain the requisite collateral percentage after the restoration period and, if not paid by the counterparty in federal funds against transfer of the collateral, liquidate the collateral.

The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments.

“**Person**” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“**Principal Fund**” means the fund by that name established in accordance with Section 5.02 hereof.

“**Project**” means the 2002 Project and the 2015 Project.

“**Project Costs**” means all costs of acquiring, constructing and installing the 2015 Project, including, but not limited to:

(a) all costs which the Authority or the City shall be required to pay to a seller or any other person under the terms of any contract or contracts for the purchase of the 2015 Project;

(b) all costs which the Authority or the City shall be required to pay a contractor or any other person for the acquisition, construction and installation of the 2015 Project;

(c) obligations of the Authority or the City incurred for services (including obligations payable to the Authority or the City for actual out-of-pocket expenses of the Authority or the City) in connection with the acquisition, construction and installation of the 2015 Project,

including reimbursement to the Authority or the City for all advances and payments made in connection with the 2015 Project prior to or after delivery of the Bonds;

(d) the actual out-of-pocket costs of the Authority or the City for test borings, surveys, estimates and preliminary investigations therefor, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the 2015 Project, including administrative expenses under the Lease Agreement and hereunder relating to the acquisition, construction and installation of the 2015 Project; and

(e) any sums required to reimburse the Authority or the City for advances made by the Authority or the City for any of the above items or for any other costs incurred and for work done by the Authority or the City which are properly chargeable to the 2015 Project.

“Rebate Fund” means the fund by that name established in accordance with Section 5.05 hereof.

“Rebate Requirement” has the meaning ascribed thereto in the Tax Certificate.

“Record Date” means the fifteenth day of the month next preceding an Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established in accordance with Section 5.02 hereof.

“Redemption Price” means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05 hereof.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the period from the Closing Date through _____, 201_ and, thereafter, the twelve-month period commencing on March 1 of each year during the term of the Lease Agreement.

“Representation Letter” means the Letter of Representations from the Authority to DTC, or any successor securities depository for any Series of Book-Entry Bonds, in which the Authority makes certain representations with respect to issues of its securities for deposit by DTC or such successor depository.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Securities Depositories” means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax: (516) 227-4039 or 4190; and, in accordance with then current

guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“**Series**” means the Series 2015 Bonds executed, authenticated and delivered on the Closing Date and identified pursuant to this Indenture and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

“**Series 2015 Bonds**” means the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A issued hereunder.

“**Supplemental Indenture**” means any supplemental indenture amendatory of or supplemental to this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“**Tax Certificate**” means the Tax Certificate executed by the Authority and the City at the time of issuance of the Series 2015 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Trustee**” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, or any successor thereto as Trustee hereunder, appointed as provided herein.

“**2002 Project**” has the meaning ascribed thereto in the recitals hereof.

“**2015 Project**” means certain [Fire Station No. 6, and police building renovations, or other improvements shown in the City’s Capital Improvement Plan] as directed by the City Council as approved by an Opinion of Counsel to the effect that such other projects or improvements will not adversely affect the exclusion of interest on any tax-exempt Bonds from gross income for federal income tax purposes.

“**Written Certificate of the Authority**” and “**Written Request of the Authority**” mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Authority Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument

“**Written Certificate of the City**” and “**Written Request of the City**” mean, respectively, a written certificate or written request signed in the name of the City by an Authorized City Representative. Any such certificate or request may, but need, not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the City, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds which may from time to time be authorized,

executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority or the City shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

THE BONDS

Section 2.01 Authorization of Bonds. The Authority hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture and applicable laws of the State of California for the purpose of financing the 2015 Project and refinancing the 2002 Project. The Bonds may consist of one or more Series of Bonds of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein.

Section 2.02 Terms of Series 2015 Bonds.

(a) The Series 2015 Bonds shall be designated the "Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015." Each Series of Additional Bonds shall bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series, of Bonds.

(b) The Series 2015 Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2015 Bond shall have more than one maturity date. The Series 2015 Bonds shall be dated as of the Closing Date, shall be issued in the aggregate principal amount of \$[Bond Amount], shall mature on March 1 of each year and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates per annum as follows:

<i>Maturity Date (March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		

(c) Interest on the Series 2015 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2015 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Series 2015 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the dated date thereof, or (iii) interest on any Series 2015 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2015 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2015 Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date.

(d) The principal and premium, if any, of the Series 2015 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2015 Bonds shall be subject to redemption as provided in Article IV.

Section 2.03 Form of Series 2015 Bonds. The Series 2015 Bonds shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.04 Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series of other authorized denominations. The Trustee shall require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Section 2.05 Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

Section 2.06 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the facsimile signature of an Authorized Officer of the Authority attested by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers of the Authority who shall have signed or attested any of the Bonds shall cease to be such officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Section 2.07 Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.08 Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds of a Series it will execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series, may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under this Indenture as definitive Bonds of such Series authenticated and delivered hereunder.

Section 2.09 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or in accordance with the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series issued under the provisions of this Section in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds of such Series secured by this Indenture.

Section 2.10 Book-Entry Bonds.

(a) Prior to the issuance of a Series of Bonds, the Authority may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds and, in such event, the Bonds of such Series for each maturity shall be in the form of a separate single fully registered Bond (which may be typewritten). The Series 2011 Bonds shall initially be issued as Book-Entry Bonds.

Except as provided in subsection (c) of this Section, the registered Owner of all of the Book-Entry Bonds shall be Cede & Co., as nominee of DTC. Notwithstanding anything to the contrary contained in this Indenture, payment of interest with respect to any Book-Entry Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the Registration Books or as otherwise provided in the Representation Letter.

(b) The Trustee and the Authority may treat DTC (or its nominee) as the sole and exclusive Owner of Book-Entry Bonds registered in its name for the purposes of payment of the principal, premium, if any, or interest with respect to Book-Entry Bonds, selecting Book-Entry Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under this Indenture, registering the transfer of Book-Entry Bonds, obtaining any consent or other action to be taken by Owners of Book-Entry Bonds and for all other purposes whatsoever, and neither the Trustee nor the Authority shall be affected by any notice to the contrary. Neither the Trustee nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in Book-Entry Bonds under or through DTC or any Participant, or any other person which is not shown on the Registration Books as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant, the payment by DTC or any Participant of any amount in respect of the principal, premium, if any, or interest with respect to Book-Entry Bonds, any notice which is permitted or required to be given to Owners of Book-Entry Bonds under this Indenture, the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of Book-Entry Bonds, or any consent given or other action taken by DTC as Owner of Book-Entry Bonds. The Trustee shall pay all principal, premium, if any and interest with respect to Book-Entry Bonds, only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal, premium, if any, and interest with respect to the Book-Entry Bonds to the extent of the sum or sums so paid. Except under the conditions of subsection (c) of this Section, no person other than DTC shall receive an executed Book-Entry Bond for each separate stated maturity. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event (i) DTC, including any successor as securities depository for a Series of Bonds, determines not to continue to act as securities depository for such Series of Bonds, or (ii) the Authority determines that the incumbent securities depository shall no longer so act, and delivers a written certificate to the Trustee to that effect, then the Authority will discontinue the book-entry system with the incumbent securities depository for such Series of Bonds. If the Authority determines to replace the incumbent securities depository for such Series of Bonds with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate fully registered Bond of such Series for the aggregate outstanding principal amount of Bonds of such Series of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the Authority, the Trustee and the successor securities depository for the Bonds of such Series as are not inconsistent with the terms of this Indenture. If the Authority fails to identify another qualified successor securities depository for such Series of Bonds to replace the incumbent securities depository, then the Bonds of such Series shall no longer be restricted to being registered in the Registration Books in the name of the incumbent securities depository or its nominee, but shall be

registered in whatever name or names the incumbent securities depository for such Series of Bonds, or its nominee, shall designate. In such event the Authority shall execute, and deliver to the Trustee, a sufficient quantity of Bonds of such Series to carry out the transfers and exchanges provided in Sections 2.04, 2.08 and 2.09 hereof. All such Bonds of such Series shall be in fully registered form in Authorized Denominations.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest with respect to such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Owners of Book-Entry Bonds pursuant to this Indenture by the Authority, the City or the Trustee with respect to any consent or other action to be taken by Owners, the Authority, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01 Issuance of Series 2015 Bonds. The Authority may, at any time, execute the Series 2015 Bonds for issuance hereunder and deliver the same to the Trustee. The Trustee shall authenticate the Series 2015 Bonds and deliver the Series 2015 Bonds to the original purchaser thereof upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

Section 3.02 Application of Proceeds of the Series 2015 Bonds. On the Closing Date, the proceeds of the sale of the Series 2015 Bonds received by the Trustee, \$_____, shall be deposited by the Trustee as follows:

(a) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund.

(b) The Trustee shall deposit the amount of \$_____ in the Construction Fund;

(c) The Trustee shall transfer \$_____ to the Escrow Agent for deposit into the Escrow Fund.

Section 3.03 [Reserved].

Section 3.04 Costs of Issuance Fund. The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, there shall be deposited in the Costs of Issuance Fund the amount specified in Section 3.02 hereof. There shall be additionally be deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any

Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Authority stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On March 1, 2013, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Fund.

Section 3.05 Construction Fund.

(a) The Trustee shall establish and maintain a separate fund designated the "Construction Fund." On the Closing Date there shall be deposited in the Construction Fund the amount specified in Section 3.02(b) hereof.

(b) The moneys in the Construction Fund shall be used and withdrawn by the Trustee from time to time to pay the Project Costs upon submission of a Written Request of the City in the form attached hereto as Exhibit B stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) that such payment constitutes a Project Cost and is a proper charge against the Construction Fund, and (iv) that such amounts have not been the subject of a prior disbursement from the Construction Fund.

(c) Upon the filing of a Written Certificate of the City stating that the 2015 Project has been completed and that all Project Costs have been paid, the Trustee shall transfer and apply the amount, if any, remaining in the Construction Fund (x) if such amount is equal to or greater than \$50,000, to the Redemption Fund to be used to optionally redeem Bonds, provided that the amount so transferred shall not exceed the amount required to provide for the redemption of all Outstanding Bonds and (y) if such amount is less than \$50,000, to the Base Rental Payment Fund to be used for the purposes thereof.

Section 3.06 Conditions for the Issuance of Additional Bonds. The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2015 Bonds) payable from Base Rental Payments as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) The issuance of such Additional Bonds shall have been authorized under and pursuant hereto and shall have been provided for by a Supplemental Indenture which shall specify the following:

- (1) The application of the proceeds of the sale of such Additional Bonds;
- (2) The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;

(3) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that (i) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on March 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on March 1, (ii) the Additional Bonds shall be payable as to interest semiannually on March 1 and September 1 of each year, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve months and the interest shall be payable thereafter semiannually on March 1 and September 1, (iii) all Additional Bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

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

(5) The form of such Additional Bonds; and

(6) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

(b) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained herein, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(c) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained herein, in the Lease Agreement and in the Ground Lease required to be observed or performed by it; and

(d) The Ground Lease shall have been amended, to the extent necessary, and the Lease Agreement shall have been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment shall be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period shall be in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith (evidence of the satisfaction of such condition shall be made by a Written Certificate of the City).

Nothing contained herein shall limit the issuance of any bonds or other obligations payable from Base Rental Payments if, after the issuance and delivery of such bonds or other obligations, none of the Bonds theretofore issued hereunder will be Outstanding.

Section 3.07 Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Authority for issuance hereunder and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) Certified copies of the Supplemental Indenture authorizing the issuance of such Additional Bonds, the amendment to the Lease Agreement required by Section 3.06 hereof and the amendment to the Ground Lease, if any, required by Section 3.06 hereof, together with satisfactory evidence that such amendment to the Lease Agreement and such amendment to the Ground Lease, if any, have been duly recorded;

(b) A Written Request of the Authority as to the delivery of such Additional Bonds;

(c) An opinion of Bond Counsel substantially to the effect that (i) the Indenture (including all Supplemental Indentures), the Lease Agreement (including the amendment thereto required by Section 3.06 hereof) and the Ground Lease (including any amendment thereto required by Section 3.06 hereof) have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Authority and the City, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), (ii) such Additional Bonds constitute valid and binding special obligations of the Authority payable solely from Base Rental Payments as provided herein and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(d) a Written Certificate of the Authority that the requirements of Section 3.06 hereof have been met;

(e) a Written Certificate of the City that the requirements of Section 3.06 hereof and Sections 5.01 and 5.02 of the Lease Agreement have been met, and a Written Certificate of the City as to the fair rental value of the Property, after giving effect to the execution and delivery of the Additional Bonds, and to the use of proceeds received therefrom; and

(f) Such further documents as are required by the provisions hereof or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Section 3.08 Additional Bonds. So long as any of the Bonds remain Outstanding, the Authority shall not issue any Additional Bonds or obligations payable from the Base Rental Payments, except pursuant to Sections 3.06 and 3.07 hereof.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Redemption of Series 2015 Bonds.

(a) Extraordinary Redemption. The Series 2015 Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to Sections 5.03 and 5.04 hereof, at a Redemption Price equal to the principal amount of the Series 2015 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

(b) Optional Redemption. The Series 2015 Bonds maturing on or after March 1, 2026, shall be subject to optional redemption, in whole or in part, on any date on or after March 1, 2025, in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to subsection (a) of Section 7.02 of the Lease Agreement, at a Redemption Price equal to the principal amount of the Series 2015 Bonds to be redeemed, plus accrued interest thereon to the date of redemption.

Section 4.02 Notice of Redemption. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Such notice may state that such redemption is conditioned upon sufficient funds being on deposit on the redemption date to redeem the Bonds so called for redemption. Such notice of redemption may also state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

Section 4.03 Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Authority, (b) with respect to any redemption pursuant to Section 4.01(a) hereof and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed

to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 4.04 Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Section 4.05 Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside in the Redemption Fund, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and destroyed.

ARTICLE V

SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.01 Pledge; Special Obligations. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are hereby pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of this Indenture and the Act. Said pledge shall constitute a first lien on such assets.

All obligations of the Authority under this Indenture shall be special obligations of the Authority, payable solely from Rental Payments and the other assets pledged therefor hereunder; provided, however, that all obligations of the Authority under the Bonds shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor hereunder. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Section 5.02 Flow of Funds.

(a) The Trustee shall establish and maintain separate funds designated the "Base Rental Payment Fund," the "Interest Fund," the "Principal Fund" and the "Redemption Fund." Within the Base Rental Fund, the Trustee shall establish the "Prepaid Base Rental Account."

All Base Rental Payments shall be paid directly by the City to the Trustee, and if received by the Authority at any time shall be transferred by the Authority with the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee shall be deposited by the Trustee in the Base Rental Payment Fund.

(b) The Trustee shall transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner hereinafter provided, to the following respective funds:

(i) Interest Fund. On the Business Day immediately preceding each Interest Payment Date, the Trustee shall transfer from the Base Rental Fund to the Interest Fund the amount, if any, necessary to cause the amount on deposit in the Interest Fund to be equal to the interest due on the Bonds on such Interest Payment Date.

(ii) Principal Fund. On the Business Day immediately preceding each March 1 and September 1, commencing March 1, 2016, the Trustee shall transfer from the Base Rental Fund to the Principal Fund the amount, if any, necessary to cause the amount on deposit in the Principal Fund to be equal to the principal amount of the Bonds due on such March 1 or September 1, either as a result of the maturity thereof or mandatory sinking fund redemption payments required to be made with respect thereto. Moneys in the Principal Fund shall be used by the Trustee for the purpose of paying the principal of the Bonds when due and payable at their maturity dates or upon earlier mandatory sinking fund redemption.

(iii) Redemption Fund. The Trustee, on the redemption date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Additionally, the Trustee shall deposit in the Redemption Fund any amounts required to be deposited therein pursuant to Section 5.03 or Section 5.04 hereof. Moneys in the Redemption Fund shall be used by the Trustee for the purpose of paying the principal of and interest and premium, if any, on Series 2015 Bonds redeemed pursuant to the provisions of subsections (a) and (b) of Section 4.01 hereof and Additional Bonds redeemed pursuant to the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(c) Upon receipt of a Written Certificate of the City pursuant to Section 3.06 of the Lease Agreement that the City has commenced repairs of the Property, the Trustee will transfer moneys from the Prepaid Base Rental Account at the times and in the manner required by subsection (b) above if and to the extent there are insufficient funds in the Base Rental Payment Fund to make such transfers. Upon receipt of a Written Certificate of the City pursuant to Section 3.06 of the Lease Agreement that the City has completed repairs of the Property and will recommence to make Base Rental Payments, or that the City has determined not to make such repairs or such repairs do not require the City to vacate the Property, and made the certifications required pursuant to the

Lease Agreement, the Trustee will transfer any funds remaining on deposit in the Prepaid Base Rental Account to the City for any lawful use.

Section 5.03 Application of Net Insurance Proceeds. If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of this Section, the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions hereof.

The Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the City, together with invoices therefor. Pending such application, such proceeds may be invested by the Trustee as directed by the City in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the City shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the City does intend to replace or repair the Property or portions thereof, the City shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

If the damage, destruction or loss was such that there resulted a substantial interference with the City's right to the use or occupancy of the Property and an abatement, of Rental Payments results from such damage or destruction pursuant to Section 3.06 of the Lease Agreement, then the City shall be required either to (a) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions thereof which have been damaged to the condition which existed prior to such damage or destruction, or (b) apply sufficient funds from the insurance proceeds and other legally available funds to the redemption, as set forth in subsection (a) of Section 4.01 hereof and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued, in full of all the Outstanding Bonds or all of those Outstanding Bonds which would have been payable from that portion of the Base Rental Payments which are abated as a result of the damage or destruction. Funds to be applied to the redemption of Bonds in accordance with clause (b) above shall be deposited in the Redemption Fund. If the City is not required to replace or repair the Property, or the affected portion thereof, as set forth in clause (a) above or to use such amounts to redeem Bonds as set forth in clause (b) above, then such proceeds shall, if there is first delivered to the Trustee a Written Certificate of the City to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the principal amount of the Outstanding Bonds, be paid to the City to be used for any lawful purpose.

The proceeds of any award in eminent domain received in respect to the Property shall be deposited by the Trustee in the Redemption Fund and applied to the redemption of Bonds pursuant to

subsection (a) of Section 4.01 hereof and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued. Any proceeds not required to be applied to repair or construction, or redemption under this Indenture shall be remitted to the City for any lawful purpose.

Section 5.04 Title Insurance. Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) if the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the City under the Lease Agreement, such proceeds shall be remitted to the City and used for any lawful purpose thereof; or

(b) if the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Rental Payments payable by the City under the Lease Agreement, then the Trustee shall immediately deposit such proceeds in the Redemption Fund and such proceeds shall be applied to the redemption of Bonds in the manner provided in subsection (a) of Section 4.01 hereof and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Section 5.05 Rebate Fund.

(a) The Trustee shall establish and maintain a special fund designated the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Authority. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article X hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate. The Trustee may conclusively rely upon the Authority's determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Authority's calculations.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in this Section, shall be withdrawn by the Trustee and remitted to the Authority.

Section 5.06 Investment of Moneys. Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture and held by the Trustee shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority. Moneys in all funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture; provided, however, that such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date. Absent timely written direction

from the Authority, the Trustee shall hold any funds held by it uninvested in Permitted Investments described in (7) of the definition of Permitted Investments.

Subject to the provisions of Section 5.06 hereof, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture shall be retained therein.

Permitted Investments acquired as an investment of moneys in any fund established under this Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued by the Trustee at the fair market value thereof, such valuation to be performed not less frequently than semiannually on or before each March 15 and September 15. In determining fair market value, the Trustee may use and rely conclusively on any generally recognized securities pricing service available to it (including brokers and dealers in securities).

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established hereunder.

The Trustee may make any investments hereunder through the bond or investment department or trust investment department of the entity acting as Trustee hereunder, or those of such entity's parent or any affiliate, and such entity, or its parent or affiliate, as applicable, shall be entitled to its normal, customary and reasonable compensation for such services.

The entity acting as Trustee hereunder, or any of its affiliates, may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder and such entity, or its affiliate, as applicable, shall be entitled to its normal, customary and reasonable compensation for such services.

The Authority and the City acknowledge that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority and the City the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Authority and the City specifically waive receipt of such confirmations to the extent permitted by law.

ARTICLE VI

COVENANTS

Section 6.01 Compliance with Agreements. The Trustee will not authenticate or deliver any Bonds in any manner other than in accordance with the provisions hereof, and the Authority and the City will not suffer or permit any default by them to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by them.

Section 6.02 Compliance with Ground Lease and Lease Agreement. The Authority and the City will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Ground Lease and the Lease Agreement required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Ground Lease and the Lease Agreement against the other party thereto in accordance with their respective terms.

Section 6.03 Observance of Laws and Regulations. The Authority, the City and the Trustee will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 6.04 Other Liens. The City will keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the City in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the City ten days' written notice to comply therewith and failure of the City to so comply within such ten-day period) may, but is in no event obligated to, defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements and covenants contained herein, or from its liability hereunder and to perform such agreements and covenants.

So long as any Bonds are Outstanding, none of the Trustee, the Authority or the City shall create or suffer to be created any pledge of or lien the amounts on deposit in any of the funds or accounts created hereunder, other than the pledge and lien hereof.

The Authority, the City and the Trustee shall not encumber the Property other than in accordance with the Ground Lease, the Lease Agreement, the Indenture and the Assignment Agreement.

Section 6.05 Prosecution and Defense of Suits. The City will promptly, upon request of the Trustee (which request the Trustee is not required to make), take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee harmless from all cost, damage, expense or loss, including attorneys' fees and expenses, which it or the Owners may incur by reason of any such cloud, defect, action, suit or other proceeding.

Section 6.06 Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the Base Rental Payments, and such accounting records shall

be available for inspection by the Authority and the City at reasonable hours and under reasonable conditions.

Section 6.07 Recordation and Filing. The City will record, or cause to be recorded, with the appropriate county recorder, the Lease Agreement, the Ground Lease and the Assignment Agreement, or memoranda thereof.

Section 6.08 Tax Covenants.

(a) Neither the Authority nor the City will take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on any tax-exempt Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority and the City will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein, This covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an Opinion of Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 6.09 Continuing Disclosure. The City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an event of default hereunder; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon being indemnified to its reasonable satisfaction therefor, shall) or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 6.10 Further Assurances. Whenever and so often as requested to do so by the Trustee, the Authority and the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon it hereby or by the Assignment Agreement, the Ground Lease or the Lease Agreement.

ARTICLE VII

DEFAULT AND LIMITATIONS OF LIABILITY

Section 7.01 Action on Default. If an event of default (within the meaning of Article VI of the Lease Agreement) shall happen, then such event of default shall constitute an event of default hereunder. The Trustee shall give notice, as assignee of the Authority, of an event of default under the Lease Agreement to the City. In each and every case during the continuance of an event of default, the Trustee may and, at the direction of the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction therefor, shall, upon notice in writing to the City and the Authority, exercise any of the remedies granted to the Authority under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by this Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in Section 7.02 hereof.

Section 7.02 Other Remedies of the Trustee. Subject to the provisions of Section 7.01 hereof, the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or the City or any member, director, officer or employee thereof, and to compel the Authority or the City or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any event of default hereunder to require the Authority and the City to account as the trustee of an express trust.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 7.03 Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often the Trustee shall deem expedient.

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

Section 7.04 Remedies Not Exclusive. Subject to the provisions of Section 7.01 hereof, no remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.05 No Liability by the Authority to the Owners. Except as expressly provided herein, the Authority shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of the other agreements and covenants required to be performed by it contained in the Lease Agreement or herein, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

Section 7.06 No Liability by the City to the Owners. Except for the payment when due of the Base Rental Payments and the performance of the other agreements and covenants required to be performed by it contained in the Lease Agreement, the Ground Lease or herein, the City shall not have any obligation or liability to the Owners with respect to the Trust Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Base Rental Payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

Section 7.07 No Liability of the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the Authority or the City of the other agreements and covenants required to be performed by them contained in the Lease Agreement, the Ground Lease or herein.

Section 7.08 Application of Amounts After Default. All payments received by the Trustee with respect to the rental of the Property after a default by the City pursuant to Article VI of the Lease Agreement (including, without limitation, any proceeds received in connection with the sale, assignment or sublease of the Authority's right, title and interest in the Ground Lease), and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under Article VI of the Lease Agreement, shall be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied, together with all other funds held hereunder (except funds in the Rebate Fund):

- (a) to the payment of all amounts due the Trustee under Article VIII hereof;
- (b) to the payment of all amounts then due for interest on the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable-prior to such event of default and money for the payment of which is held by the Trustee),

ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable; and

(c) to the payment of all amounts then due for principal of the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of principal of such Bonds due and payable.

Section 7.09 Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners in respect of which such judgment has been recovered.

Section 7.10 Limitation on Suits. No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or Trustee, or for any other remedy hereunder, unless (a) such Owner shall have previously given written notice to the Trustee of a continuing event of default, (b) the Owners of not less than 25% of the aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee hereunder, (c) such Owner or Owners shall have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceedings, and (e) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Owners of a majority of the aggregate principal amount of Bonds then Outstanding; it being understood and intended that no one or more Owners shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Owner, or to obtain or seek to obtain priority or preference over any other Owner or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Owners.

ARTICLE VIII

THE TRUSTEE

Section 8.01 Employment of the Trustee. The Authority hereby appoints and employs the Trustee to receive, deposit and disburse the Base Rental Payments, to authenticate, deliver and transfer the Bonds and to perform the other functions contained herein, all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering this Indenture, the Trustee accepts the appointment and employment hereinabove referred to and accepts the rights and obligations of the Trustee provided herein, subject to the conditions and terms hereof. Other than when an event of default has occurred and is continuing, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an event of default has

occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee hereby covenants and agrees that it will not encumber the Property.

Section 8.02 Duties, Removal and Resignation of the Trustee. The Authority may, by an instrument in writing, remove the Trustee initially a party hereto and any successor thereto unless an event of default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee shall cease to be eligible in accordance with the following sentence, and shall appoint a successor Trustee. The Trustee and any successor Trustee shall be a banking corporation or association or trust company having (or if such banking corporation or association or trust company is a member of a bank holding company, its bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authorities. If such banking corporation or association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City and by giving notice, by first class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Authority does not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the Authority, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of this Section, ipso facto, shall be and become successor trustee under this Indenture and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.03 Compensation of the Trustee. The City shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered hereunder and reimburse the Trustee for all its reasonable advances and expenditures (which shall not include "overhead expenses" except as such expenses are included as a component of the Trustee's stated annual fees) hereunder, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys

retained by the Trustee, employed by it in the exercise and performance of its rights and obligations hereunder. The Trustee may take whatever legal actions are lawfully available to it directly against the Authority or the City.

The City shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder, under the Lease Agreement, or in connection with any document or transaction contemplated hereunder or thereunder, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its misconduct. The duty of the City to indemnify the Trustee shall survive the termination and discharge of this Indenture and the earlier removal or resignation of the Trustee.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers hereunder.

Upon an Event of Default, and only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 8.04 Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Owners of the Bonds pursuant to this Indenture, unless such Owners shall have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee may consult with counsel, who may be counsel to the Authority or the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Bonds or the Lease Agreement, or of the assignment made to it by the Assignment Agreement, or for statements made in any preliminary or final official statement relating to the Bonds, or of the title to the Property.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the City or a Written Certificate of the Authority, and such certificate shall be full warrant to the Trustee for any

action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the City, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Authority or the City as freely as if it were not the Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform any rights and obligations required of it hereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations hereunder, and the Trustee shall not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee shall in a commercially reasonable manner pursue all remedies of the Trustee against such agent, attorney or receiver. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct, negligence or breach of an obligation hereunder.

The Trustee shall not be deemed to have knowledge of an event of default unless it has actual knowledge thereof.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Authority or the City is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and shall do so if requested in writing by the Owners of at least 5% of the aggregate principal amount of Bonds then Outstanding, provided the Trustee shall have no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful default. The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds. The Trustee shall not be accountable for the use or application by the Borrower of any of the Bonds or the proceeds thereof or for the use or

application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any paying agent.

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

In acting or omitting to act pursuant to the Lease Agreement or Ground Lease, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Indenture and the Lease Agreement, including, but not limited to, this Article VIII.

ARTICLE IX

MODIFICATION OR AMENDMENTS

Section 9.01 Modifications and Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority, the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or the rate of interest thereon, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Base Rental Payments and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture or deprive the Owners of the Bonds of the lien created by this Indenture on such Base Rental Payments and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) This Indenture and the rights and obligations of the Authority, the City, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority or the City in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority or the City;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Article III hereof;

(iv) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(v) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(vi) in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners hereunder, in the opinion of Bond Counsel filed with the Authority, the City and the Trustee.

(c) Promptly after the execution by the Authority, the City and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(d) No Supplemental Indenture shall modify any of the rights or obligations of the Trustee without its prior written consent.

Section 9.02 Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and,

in that case, upon demand of the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Section 9.04 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

ARTICLE X

DEFEASANCE

Section 10.01 Discharge of Indenture. If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners of such Bonds shall cease to be entitled to the pledge of the Base Rental and the other assets as provided herein, and all agreements, covenants and other obligations of the Authority and the City to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority and the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City all money or securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on such Bonds,

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Authority and the City shall have kept, performed and observed all of the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by them on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of this Indenture and such lien and all covenants, agreements and other obligations of the Authority and the City hereunder shall cease, terminate become void and be completely discharged as to such Bonds.

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

Bonds, those provisions of this Indenture relating to the compensation and indemnity of the Trustee shall remain in effect and shall be binding upon the Trustee, the City and the Authority.

Section 10.02 Bonds Deemed To Have Been Paid. If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest thereon at the maturity or redemption date thereof, such Bonds shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01 hereof. Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 10.01 hereof if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 4.02 hereof, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with Section 4.02 hereof, (b) there shall have been deposited with the Trustee either (i) money in an amount which shall be sufficient, or (ii) Federal Securities that are not subject to redemption other than at the option of the holder thereof, the interest on and principal of which when paid will provide money which, together with the money, if any deposited with the Trustee at the same time, shall, as verified by an independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bonds, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bonds that the deposit required by clause (b) above has been made with the Trustee and that such Bonds, are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bonds.

Section 10.03 Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, to the extent permitted by law, any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bonds and remaining unclaimed for two years after the date of deposit of such moneys, shall be repaid to the Authority (without liability for interest) free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the City, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term required herein to be observed or performed by or on behalf of the Authority or the City shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 11.02 Successor Deemed Included in all References to Predecessor. Whenever the Authority, the City or the Trustee, or any officer thereof, is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the City or the Trustee, or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the Authority, the City or the Trustee, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.03 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Bonds and the amount, payment date, number and date of owning the same may be proved by the Registration Books.

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

Section 11.04 Waiver of Personal Liability. Notwithstanding anything contained herein to the contrary, no member, officer or employee of the Authority or the City shall be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained herein shall relieve any member, officer or employee of the City or the Authority from the performance of any official duty provided by any applicable provisions of law, by the Lease Agreement or hereby.

Section 11.05 Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds.

Section 11.06 Funds and Accounts. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund, but all such records with respect to all such funds and accounts shall at an times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

The Trustee may commingle any of the moneys held by it hereunder for investment purposes only; provided, however, that the Trustee shall account separately for the moneys in each fund or account established pursuant to this Indenture. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations hereunder.

Section 11.07 Article and Section Headings Gender and References. The singular form of any word used herein, including the terms defined in Section 1.01 hereof, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders. The headings or titles of the several Articles and Sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections," subsections or clauses are to the corresponding Articles, Sections, subsections or clauses hereof, and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, subsection or clause thereof.

Section 11.08 Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the Authority, the City or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Authority, the City and the Trustee hereby declare that they would have executed this Indenture, and each and every Article, Section, paragraph, subsection, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more Articles, Sections, paragraphs, subsections, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.09 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; except that, in determining whether the Trustee shall be protected in relying upon any such demand, request, direction, consent or waiver of an Owner, only Bonds which the Trustee actually knows to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.10 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.03 hereof but without any liability for interest thereon.

Section 11.11 Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

Section 11.12 California Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 11.13 Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the City:	City of Garden Grove 11222 Acacia Parkway Garden Grove, California 92840 Attention: City Manager
If to the Authority:	Garden Grove Public Financing Authority c/o City of Garden Grove 11222 Acacia Parkway Garden Grove, California 92840 Attention: Executive Director
If to the Trustee:	U.S. Bank National Association, 707 Wilshire Blvd., 17th Floor Los Angeles, California 90017 Attention: Corporate Services Department

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 11.14 Notice to Rating Agencies. The Trustee shall provide S&P, if the Bonds are then rated by S&P, and Moody's, if the Bonds are then rated by Moody's, with prompt notice of any substitution or release of property pursuant to Section 9.03 of the Lease Agreement.

Section 11.15 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority and the City have caused this Indenture to be signed in their respective names by their representative thereunto duly authorized, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written,

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary

CITY OF GARDEN GROVE

By: _____
City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Special Counsel

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF SERIES 2015 BOND

No. _____

\$ _____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BOND
SERIES 2015A**

INTEREST RATE _____ %	MATURITY DATE March 1, 20__	DATED DATE	CUSIP 75214T__
---------------------------------	---------------------------------------	-------------------	--------------------------

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS

The Garden Grove Public Financing Authority (the "Authority"), for value received, hereby promises to pay, solely from the Base Rental Payments (as hereinafter defined) or amounts in certain funds and accounts held under the Indenture (as hereinafter defined), to the Registered Owner identified above or registered assigns (the "Registered Owner"); on the Maturity Date identified above or on any earlier redemption date, 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 payable semiannually on March 1 and September 1 in each year, commencing March 1, 2016 (the "Interest Payment Dates"), until payment of such Principal Amount in full. This Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth calendar day of the month next preceding such Interest Payment Date, whether or not such day is a Business Day, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to [February 15, 2016], in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, interest on this Bond shall be payable from the date to which interest hereon has been paid in full, payable on each Interest Payment Date). The Principal Amount hereof is payable upon surrender hereof upon maturity or earlier redemption at the Office of the Trustee (as hereinafter defined). Interest hereon is payable by wire or check of U.S. Bank National Association, as Trustee (the "Trustee"), mailed by first class mail, postage prepaid, on each Interest Payment Date to the

Registered Owner hereof at the address of the Registered Owner shown on the Registration Books at the close of business on the fifteenth calendar day of the month next preceding such Interest Payment Date. "Office of the Trustee" means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the City of Garden Grove (the "City") by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or the agency of the Trustee at which, at any particular time, its corporate trust agency shall be conducted as specified to the Authority and the City by the Trustee in writing.

This Bond is one of a series of a duly authorized issue of bonds issued for the purpose of financing the construction of various public improvements and refinancing the acquisition, construction and installation of certain capital improvements financed with certain City of Garden Grove Certificates of Participation Series A of 2002 (2002 Financing Project) and related improvements, facilities and equipment (the "Project"), and is one of the series of bonds designated "Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A" (the "Series 2015 Bonds") in the aggregate principal amount of \$[Bond Amount]. The Series 2015 Bonds are issued pursuant to the Indenture, dated as of November 1, 2015 (the "Indenture"), by and among the Authority, the City and the Trustee, and this reference incorporates the Indenture herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. Pursuant to and as more particularly provided in the Indenture, additional bonds ("Additional Bonds"), may be issued by the Authority secured by a lien on a parity with the lien securing the Series 2015 Bonds. The Series 2015 Bonds and any Additional Bonds are collectively referred to as the "Bonds." The Indenture is entered into, and this Bond is issued under, the Marks-Roos Local Bond Pooling Act of 1985 (the "Act") and the laws of the State of California.

Pursuant to the Indenture, the principal of and interest on the Bonds are payable solely from certain base rental payments (the "Base Rental Payments") under and pursuant to that certain Lease Agreement, dated as of November 1, 2015 (the "Lease Agreement"), by and between the City, as lessee, and the Authority, as lessor, all of which rights to receive such Base Rental Payments have been assigned without recourse by the Authority to the Trustee. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund established under the Indenture are pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

The Series 2015 Bonds are authorized to be issued in the form of fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof ("Authorized Denominations").

The Series 2015 Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any net insurance proceeds received with respect to all or a portion of the property leased under the Lease Agreement, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof, deposited by the Trustee in the Redemption Fund established under the Indenture, at a Redemption Price equal to the principal amount of the Series 2015 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Series 2015 Bonds maturing on or after March 1, 2026, shall be subject to optional redemption, in whole or in part, on any date on or after March 1, 2025, in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant the Lease Agreement, at a Redemption Price equal to the principal amount of the Series 2015 Bonds to be redeemed, plus accrued interest thereon to the date of redemption.

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective owners of any Series 2015 Bonds designated for redemption, at their respective addresses appearing on the Registration Books, at least 20 but not more than 60 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed, nor any defect therein, shall affect the validity of the proceedings for the redemption of such Series 2015 Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. The Redemption Price of the Series 2015 Bonds to be redeemed shall be paid only upon presentation and surrender thereof at the Office of the Trustee. From and after the date fixed for redemption of any Series 2015 Bonds, interest on such Series 2015 Bonds will cease to accrue and become payable.

Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, fully registered Series 2015 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount and maturity of fully registered Series 2015 Bonds of other authorized denominations.

This Bond is transferable by the Registered Owner hereof, in person or by his duly authorized attorney, 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 such transfer a new fully registered Series 2015 Bond or Series 2015 Bonds, in Authorized Denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Authority, the City and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority, the City and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority, the City, the owners of the Bonds and the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the fixed maturity of any Bonds, or reduce the principal thereof or the rate of interest thereon, or extend the time of payment, without the consent of the owner of each Bond so affected, or, (b) reduce the percentage of Bonds the consent of the owners of which is required to effect any such amendment or modification, or (c) permit the creation of any lien on the Base Rental Payments and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the owners of the Bonds of the lien created by the Indenture on such the Base Rental Payments and such other assets (except as expressly provided in the Indenture), without the consent of the owners of all Bonds then outstanding.

The Indenture contains provisions permitting the Authority to make provision for the payment of interest on, and the principal and premium, if any, of any of the Bond so that such Bonds shall no longer be deemed to be outstanding under the terms of the Indenture.

All obligations of the Authority under the Indenture shall be special obligations of the Authority, payable solely from Rental Payments and the other assets pledged therefor under the

Indenture; provided, however, that all obligations of the Authority under the Bonds shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed in its name and on its behalf by the facsimile signatures of its Chairperson and Secretary, all as of the Dated Date identified above.

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____
Chairperson

Attest:

Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Series 2015A Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value, received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

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.

EXHIBIT B

FORM OF WRITTEN REQUEST FOR CONSTRUCTION FUND DISBURSEMENT

U.S. Bank National Association, as Trustee

RE: Disbursement from the Construction Fund pursuant to Section 3.05 of the Indenture dated as of November 1, 2015 (the "Indenture") related to the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A

REQUISITION NO. _____

You are hereby instructed to pay to the City of Garden Grove, or to _____ at \$ _____ as a Project Cost from the Construction Fund as provided in Section 3.05 of the Indenture. This Project Cost has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous disbursements.

The amount remaining in the Construction Fund, together with other moneys available to the City and together with interest earnings on the Construction Fund plus investment earnings on other funds that will be transferred into the Construction Fund, will, after payment of the amount set forth in this requisition, be sufficient to pay all remaining Delivery Costs and Project Costs as presently estimated.

Very truly yours,

City Representative

RECORDING REQUESTED BY:
Garden Grove Public Financing Authority

AND WHEN RECORDED RETURN TO:
Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: E. Kurt Yeager, Esq.

[Space above for Recorder's use.]

This Transaction is Exempt from California Documentary Transfer Tax Pursuant to Section 11921 of the California Revenue and Taxation Code. This Document is Exempt From Recording Fees Pursuant to Section 27383 of the California Government Code.

ASSIGNMENT AGREEMENT

by and between

GARDEN GROVE PUBLIC FINANCING AUTHORITY

and

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

Dated as of November 1, 2015

Relating to

**\$(Bond Amount)
GARDEN GROVE PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2015A**

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (this "Assignment Agreement"), executed and entered into as of November 1, 2015, is by and between the GARDEN GROVE PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States, as Trustee (the "Trustee").

WITNESSETH:

WHEREAS, the City of Garden Grove (the "City") and the Authority desire to finance a portion of the costs of the acquisition, construction and installation of various public improvements (the "2015 Project");

WHEREAS, the City and the Authority desire to refinance the City's Certificates of Participation Series A of 2002 (2002 Financing Project) and the City's lease obligations in connection therewith, the proceeds of which were used to finance a portion of the costs of the acquisition, construction and installation of certain property described in the proceedings for the 2002 Certificates (the "2002 Project" and with the 2015 Project, the "Project");

WHEREAS, in order to finance the 2015 Project and refinance the 2002 Project, the City will lease certain real property and the improvements located thereon (the "Property") to the Authority pursuant to a Ground Lease, dated as of the date hereof, and the City will sublease the Property back from the Authority pursuant to a Lease Agreement;

WHEREAS, the Property is more particularly described in Exhibit A hereto;

WHEREAS, under the Lease Agreement, the City is obligated to make Base Rental Payments (as defined in the Lease Agreement) to the Authority;

WHEREAS, the Authority desires to assign without recourse certain of its rights in the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payments, to the Trustee for the benefit of the owners of bonds (the "Bonds") to be issued pursuant to the Indenture, dated as of the date hereof (the "Indenture"), by and among the Authority, the City and the Trustee;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Assignment Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Assignment. The Authority, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby sell, assign and transfer to the Trustee, irrevocably

and absolutely, without recourse, for the benefit of the owners of the Bonds, all of its right, title and interest in and to the Ground Lease and the Lease Agreement including, without limitation, its right to receive the Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided, however, that the Authority shall retain its obligations under the Lease Agreement and Ground Lease, the rights to indemnification, to give approvals and consents under the Lease Agreement and the Ground Lease and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

Section 2. Acceptance. The Trustee hereby accepts the foregoing assignment, subject to the terms and provisions of the Indenture, and all such Base Rental Payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Lease Agreement and the Indenture.

Section 3. Conditions. This Assignment Agreement shall impose no obligations upon the Trustee beyond those expressly provided in the Indenture.

Section 4. Substitution or Release. Upon the substitution or release of Property subject to the Lease Agreement by the City and the Authority pursuant to Section 9.03 of the Lease Agreement, the Property subject to this Assignment Agreement shall be modified to the same extent, and the Authority and the Trustee shall execute and cause to be recorded corrective instruments reflecting such substitution or release.

Section 5. Further Assurances. The Authority shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Assignment Agreement, and for the better assuring and confirming to the Trustee, for the benefit of the owners of the Bonds, the rights intended to be conveyed pursuant hereto.

Section 6. Governing Law. THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED EXCLUSIVELY BY THE PROVISIONS HEREOF AND BY THE LAWS OF THE STATE OF CALIFORNIA AS THE SAME FROM TIME TO TIME EXIST.

Section 7. Execution. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Assignment Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Assignment Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above-written.

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

By: _____

Executive Director

ATTEST:

Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Special Counsel

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Authorized Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

DESCRIPTION OF THE PROPERTY

All that real property situated in the County of Orange, State of California, described as follows:

\$ _____
 Garden Grove Public Financing Authority
 Lease Revenue Bonds, Series 2015A

BOND PURCHASE AGREEMENT

_____, 2015

Garden Grove Public Financing Authority
 c/o City of Garden Grove
 11222 Acacia Parkway
 Garden Grove, California 92840

City of Garden Grove
 11222 Acacia Parkway
 Garden Grove, California 92840

Ladies and Gentlemen:

The undersigned, Samuel A. Ramirez & Co., Inc., on behalf of itself and Mesirow Financial, Inc., as Underwriters (each an “Underwriter” and together, the “Underwriters”), hereby offers to enter into this Bond Purchase Agreement (this Bond Purchase Agreement, together with the exhibits hereto, being herein called the “Purchase Agreement”) with the Garden Grove Public Financing Authority (the “Authority”) and the City of Garden Grove (the “City”), which, upon acceptance, will be binding upon the Authority, the City and the Underwriters. This offer is made subject to the acceptance by the Authority and the City, by execution of this Purchase Agreement and its delivery to the Underwriter prior to 11:59 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Authority and the City at any time prior to such acceptance. All terms not defined herein shall have the meanings set forth in the Indenture (hereinafter defined).

The Authority and the City acknowledge and agree that: (i) the purchase and sale of the Bonds (as defined below) pursuant to this Purchase Agreement is an arm’s-length commercial transaction among the Authority, the City and the Underwriters; (ii) in connection with such transaction, the Underwriters are acting solely as principals and not as agents or fiduciaries of the Authority or the City; (iii) the Underwriters have not assumed a fiduciary responsibility in favor of the Authority or the City with respect to: (x) the offering of the Bonds or the process leading thereto (whether or not any Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Authority or the City or affiliates of the Authority or the City on other matters); or (y) any other obligation to the Authority or the City except the obligations expressly set forth in this Purchase Agreement; and (iv) the Authority and the City have consulted with their own legal and financial advisor to the extent it has deemed appropriate in connection with the offering of the Bonds.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, the Authority hereby agrees to sell and deliver to the Underwriters all (but not less than all) of the \$ _____ aggregate principal amount of its Lease Revenue Bonds, Series 2015A (the "Bonds"). The Bonds will be dated the Closing Date, will be payable as to interest and will mature at the rates and on the dates as set forth in Exhibit A hereto. The purchase price of the Bonds shall be \$ _____ (representing an aggregate principal amount of \$ _____, [plus/less original issue premium/discount of \$ _____], and less an underwriters' discount of \$ _____).

Section 2. The Bonds. The Bonds shall be substantially in the form described in, shall be authorized and issued under the provisions of, and shall be payable as provided in, the Indenture by and among the Authority, the City, and U.S. Bank National Association, as trustee (the "Trustee"), dated as of _____ 1, 2015 (the "Indenture"), and in accordance with the Lease Agreement between the City, as lessee, and the Authority, as lessor, dated as of _____ 1, 2015 (the "Lease Agreement"). The Bonds are issued to provide funds to (i) current refund the City of Garden Grove Certificates of Participation Series A of 2002 (the "2002 COPs"); (ii) provide for new and/or renovations to public facilities in the City; (iii) [purchase a debt service reserve surety for the Bonds]; and (iv) pay costs of issuance of the Bonds.

The Bonds shall be limited obligations of the Authority payable solely from lease payments (the "Base Rental Payments") made by the City under the Lease Agreement and from amounts held in certain funds established pursuant to the Indenture, subject only to the terms and conditions set forth in the Indenture.

The City will enter into a Ground Lease, dated as of _____ 1, 2015 (the "Ground Lease"), by and between the City, as lessor, and the Authority, as lessee. The City will also enter into a Continuing Disclosure Certificate, dated _____, 2015 (the "Continuing Disclosure Certificate"). In connection with the refunding of the 2002 COPs, the City will enter into an Escrow Deposit and Trust Agreement, dated as of _____ 1, 2015 (the "Escrow Agreement"), with U.S. Bank National Association, the trustee relating to the 2002 Certificates, as escrow agent. The Indenture, the Lease Agreement, the Ground Lease, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Agreement are hereinafter referred to as the "Legal Documents."

Section 3. The Official Statement.

(a) By its acceptance of this proposal, the Authority and the City each ratifies, confirms and approves of the use and distribution by the Underwriters prior to the date hereof of the preliminary official statement, dated _____, 2015 relating to the Bonds (including the cover page, all appendices and all information incorporated therein, the "Preliminary Official Statement") that the Authority and the City have deemed final, for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") except for certain omissions with respect to the pricing of the Bonds permitted to be omitted therefrom by Rule 15c2-12. The Authority and the City hereby agree to deliver or cause to be delivered to the Underwriters, within seven (7) business days of the date hereof, copies of the final official statement, dated the

date hereof, relating to the Bonds (including all information previously permitted to have been omitted by Rule 15c2-12, the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the Authority and the Underwriters, the "Official Statement") in such quantity as the Underwriter shall reasonably request.

The Authority and the City have approved the use and distribution by the Underwriters of the Official Statement, and the Authority and the City hereby authorize the use by the Underwriters of the Legal Documents in connection with the offer and sale of the Bonds. At the time prior to the Closing Date, the Underwriters shall file a copy of the Official Statement with the Municipal Securities Rule Making Board in an electronic format as prescribed by the Municipal Securities Rule Making Board. The Authority shall cooperate with the Underwriters with respect to such filing upon the Underwriter's reasonable request. The Underwriters will comply with all applicable statutes and regulations in connection with the sale of the Bonds.

(b) Prior to or simultaneously with the delivery to the Underwriters of the Official Statement, the Underwriter shall receive a certificate duly executed by the authorized representatives of the Authority and the City and substantially in the form attached hereto as Exhibit B.

Section 4. Closing. At 8:00 a.m., California time, on _____, 2015, or at such other time and date as may be agreed upon by the Authority, the City and the Underwriters (the "Closing Date"), (i) the Authority will deliver the Bonds in definitive form, bearing CUSIP numbers and fully registered, to the Underwriters through the book-entry system of The Depository Trust Company, New York, New York ("DTC"); and (ii) the Authority and the City will deliver the other documents herein mentioned at the offices of Stradling Yocca Carlson & Rauth, A Professional Corporation in Newport Beach, California, or another place to be agreed upon by the Authority, the City and the Underwriters. The Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof, in immediately available funds to the order of the Trustee on behalf of the Authority. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing." Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds on the Closing Date in accordance with the terms of this Purchase Agreement. The Bonds shall be made available to the Underwriters not later than one business day before the Closing Date for purposes of inspection.

The Underwriters hereby agree to make a bona fide public offering of all Bonds at the initial public offering prices set forth on the inside cover page of the Official Statement, plus accrued interest, reserving, however, the right to change such yields or prices after the initial public offering as the Underwriters shall deem necessary in connection with the offering of the Bonds.

Section 5. Representation, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Underwriters that:

(a) The Authority is a joint exercise of powers authority, duly organized and validly existing under the Constitution and laws of the State of California and is empowered to issue the Bonds. The Authority has all necessary power and authority and has taken all official

action necessary to enter into and perform its duties under the Bonds, the Indenture, the Lease Agreement, the Ground Lease, and this Purchase Agreement (collectively, the "Authority Documents"). The Authority Documents and the Official Statement have been duly executed and delivered by the Authority and, assuming the due authorization, execution and delivery by the other respective parties thereto, the Authority Documents to the best knowledge of the Authority will constitute legally valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally.

(b) By official action of the Authority taken prior to or concurrently with the acceptance hereof, the Authority has duly authorized and approved the execution and delivery of the Authority Documents and has duly authorized and approved the consummation of all other transactions and obligations contemplated by the Authority Documents to be performed on its part.

(c) To the best of its knowledge, neither the execution and delivery by the Authority of the Authority Documents nor the Authority's adoption of the resolution, nor the Authority's compliance with such documents or such resolution, nor the consummation of the transactions contemplated by such documents, such resolution or the Official Statement, conflicts with or constitutes a breach of or default under, or will conflict with or constitute a breach of or default under, any term or provision of any applicable law or any administrative rule or regulation of the State of California or the United States or any applicable judgment, decree, order, license, permit, agreement or instrument to which the Authority is subject or is otherwise bound, which breach, default or conflict has or will have a material adverse effect on the ability of the Authority to perform its obligations under the Authority Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a such default or an event of default under any such instruments.

(d) To the best of its knowledge, except as may be required under Blue Sky or other securities laws of any state (as to which no representation is made), there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution, delivery and sale of the Bonds or the absence of which would materially adversely affect the due performance by the Authority of its obligations in connection with the issuance of the Bonds under this Purchase Agreement or under the Authority Documents and by the Official Statement, which has not been duly obtained or made on or prior to the date hereof.

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court or governmental or public entity pending and notice of which has been served upon the Authority, or to the best knowledge of the Authority after due inquiry, threatened, against the Authority which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Bonds, or the collection of the revenues that are the source of payments on the Bonds, or contesting the powers of the Authority to enter into or perform its obligations under any of the Authority Documents or the existence or powers of the Authority.

(f) The distribution of the Preliminary Official Statement and the Official Statement have been duly authorized by the Authority and the statements and information

contained in the Official Statement relating to the Authority and its functions, duties and responsibilities are and will be true, correct and complete in all material respects and the Official Statement does not and will not omit to state a material fact necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(g) The Authority agrees that, if at any time before the Closing Date any event of which it has knowledge occurs, as a result of which the Official Statement as then in effect would include any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, the Authority (together with the City) shall promptly prepare or cooperate in the preparation of an amendment or supplement to the Official Statement if in the opinion of the Authority, the City, and the Underwriter or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement. The Authority shall advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and shall effect such amendment or supplement in a form and manner approved by the Underwriters. The Authority shall promptly advise the Underwriters of the institution of any action, suit, proceeding, inquiry or investigation seeking to prohibit, restrain or otherwise affect the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

If the information relating to the Authority, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein concerning the Authority or the Authority's affairs, in the light of the circumstances under which it was presented, not misleading.

(h) The Authority shall furnish or cause to be furnished to the Underwriter, in such quantities as shall be reasonably required by the Underwriters, copies of the Official Statement and all amendments and supplements thereto, in each case as soon as available.

(i) The proceeds from the sale to the Underwriters of the Bonds will be applied in the manner and for the purposes specified in the Indenture.

(j) (1) The issuance, sale and delivery of the Bonds, and the execution and delivery of, and performance of its obligations under, the Bonds and the Authority Documents, the consummation of the transactions contemplated by any of the aforesaid documents or the Official Statement have been duly authorized by the Authority; (2) the resolution of the Authority approving the issuance of the Bonds and the execution of the Authority Documents and the Official Statement has been duly adopted by the Authority, has not been amended, modified or repealed and is in full force and effect on the date hereof; and (3) when the Bonds are issued, authenticated and delivered in accordance with the Indenture and paid for by the Underwriter as provided for herein, the Bonds will be the legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms, except as such enforceability may be limited by

bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights generally, and by principles of equity if equitable remedies are sought, and will be entitled to the benefits of and secured by, the Indenture.

(k) Any certificate signed by any official of the Authority acceptable to the Underwriter and delivered in connection with the transactions contemplated by the Official Statement and this Purchase Agreement shall be deemed to be a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(l) The Authority agrees to cooperate with the Underwriters in endeavoring to qualify the Bonds for offer and sale under the securities or Blue Sky laws of as many jurisdictions of the states of the United States as the Underwriters may request; provided, however, that the Authority will not be required to expend any of its own funds in connection with such qualifications and will not be required to consent to service of process in any such jurisdiction in which it is not now subject to service of process or to qualify as a broker or a foreign corporation in connection with any such qualification in any jurisdiction.

(m) The Authority covenants that it will not take any action which would cause interest payable with respect to the Bonds to be subject to federal or State of California personal income taxation.

Section 6. Representations, Warranties and Covenants of the City. The City represents, warrants and covenants to the Underwriters that:

(a) The City is and will be at the date of Closing a municipal corporation duly organized and existing pursuant to and under the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Indenture, the Ground Lease, the Lease Agreement, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Agreement (collectively, the "City Documents") and to the best of its knowledge, when executed and delivered by the respective parties thereto, the City Documents will constitute legal, valid and binding obligations of the City enforceable in accordance with their respective terms except as such enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or similar laws or equitable principles relating to creditors' rights generally.

(b) By official action of the City taken prior to or concurrently with the acceptance hereof, the City has duly authorized and approved the execution and delivery of the City Documents and has duly authorized and approved the consummation of all other transactions and obligations contemplated by the City Documents to be performed on its part.

(c) The execution and delivery by the City of the City Documents, and compliance with the provisions on the City's part contained in the City Documents, will not conflict with, or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject to which conflict, breach or default has or may have a material adverse effect on the ability of the City to carry out its obligations under the City Documents, 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 of the City 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 City Documents.

(d) To the best of its knowledge, the City is not in any material respect in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, in each case which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the City Documents.

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court or governmental or public entity pending and notice of which has been served upon the City, or to the best knowledge of the City after due inquiry, threatened, against the City which affects or seeks to prohibit, restrain or enjoin the City's covenant to make Base Rental Payments or contesting the powers of the City or its authority to enter into or perform its obligations under any of the City Documents to which it is a party or the existence or powers of the Authority, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the City Documents, or in which a final adverse decision could materially or adversely affect the operation of the City.

(f) If between the date of this Purchase Agreement and the Closing Date an event occurs, of which the City has knowledge, which might or would cause the information relating to the City contained in the Official Statement as then in effect, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the information therein, in the light of the circumstances under which it was presented, not misleading, the City will notify the Underwriter, and if in the opinion of the Underwriters, the City, the Authority or their respective counsel such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City (together with the Authority) shall promptly prepare or cooperate in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter.

If the information relating to the City contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein concerning the City, or the City's affairs, in the light of the circumstances under which it was presented, not misleading.

(g) Any certificate signed by any official of the City acceptable to the Underwriter and delivered in connection with the transactions contemplated by the Official

Statement and this Purchase Agreement shall be deemed to be a representation and warranty by the City to the Underwriters as to the statements made therein.

(h) The City covenants that it will not take any action which would cause interest payable with respect to the Bonds to be subject to federal or State of California personal income taxation.

Section 7. Conditions to the Obligations of the Underwriters. The Underwriters have entered into this Purchase Agreement in reliance upon the representations and warranties of the Authority, the Authority and the City contained herein. The obligations of the Underwriters to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriters, to the performance by the Authority, the Authority and City of their obligations, to be performed hereunder and under the Legal Documents, at or prior to the Closing Date and the following additional conditions:

(a) at the time of Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and all such reasonable actions as, in the opinion of Bond Counsel or counsel to the Underwriter, shall reasonably deem necessary in connection with the transactions contemplated hereby;

(b) between the date hereof and the Closing Date, the market price or marketability, at the initial public offering prices set forth on the cover page of the Official Statement, of the Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriters, by reason of any of the following:

(1) legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, the Secretary of the Treasury or any member of Congress, 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), official statement, press release or other form of notice or communication issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States, by the President or other agency of the federal government or members of Congress with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest as would be received by the owners of the Bonds;

(2) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the normal operation of the government of or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in

force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, underwriters;

(5) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or (ii) 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 Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(c) at or prior to the Closing, the Underwriters shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(1) the Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriters;

(2) the approving opinion of Bond Counsel, dated the Closing Date and addressed to the Authority, in substantially the form attached as Appendix E to the Official Statement;

(3) a supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Underwriter, the Authority, and Disclosure Counsel in form and substance acceptable to each of them to the effect that:

(i) the description of the Bonds and source of payment for the Bonds and statements in the Official Statement under the captions, "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," - "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," and "APPENDIX E - FORM OF OPINION OF BOND COUNSEL," insofar as such statements purport to summarize certain provisions of the Bonds, security for the Bonds, the Indenture, the Lease Agreement, the Ground Lease and the legal opinion of Bond Counsel with respect thereto concerning the validity and tax status of interest with respect to the Bonds (but not including any statistical or financial information set forth under such headings, as to which no opinion need be expressed), are accurate in all material respects;

(ii) the Legal Documents have been duly authorized, executed and delivered by the Authority and the City and, assuming due authorization,

execution and delivery by the other respective parties thereto, constitute valid and binding agreements of the Authority and the City and are enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws affecting enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(4) the opinion of counsel to the Authority, dated the Closing Date and addressed to the Underwriters and the Authority, in form and substance acceptable to each of them, to the effect that:

(i) the Authority is a public body, corporate and politic, duly organized and existing under the Constitution and the laws of the State of California;

(ii) the Official Statement has been duly authorized, signed and delivered by the Authority;

(iii) the resolution of the Authority approving and authorizing the execution and delivery of the Authority Documents, the Bonds and the Official Statement and certain related actions of the Authority were duly adopted at a meeting of the governing board of the Authority which was called and held pursuant to law and at which a quorum was present and acting throughout, and the resolution is now in full force and effect;

(iv) to the best of legal counsel's current, actual knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending with respect to which the Authority has been served or, to the best of such counsel's knowledge after due inquiry, threatened against or affecting the Authority, except as may be disclosed in the Official Statement, which would adversely impact the Authority's ability to complete the transactions contemplated by the Authority Documents, the Official Statement or any other document or certificate related to such transactions, to restrain or enjoin the issuance or delivery of the Bonds or the collection of Base Rental Payments under the Lease Agreement, or in any way contesting or affecting the Authority for the issuance of or the validity of the Bonds, the Official Statement or the Authority Documents or the transactions described in and contemplated thereby or in any way contesting the existence or powers of the Authority with respect to the issuance of the Bonds wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Bonds or the Authority Documents or in which a final adverse decision could materially adversely affect the operations of the Authority;

(v) the execution and delivery of the Authority Documents and the delivery of the Bonds and compliance with the provisions thereof under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party (except that legal counsel does not express any opinion with respect to other agreements governing bond obligations to which the Authority is a party) or by which the Authority is bound or any existing law, regulation, court order or consent decree to which the Authority is subject, which breach or default has or may have a material adverse effect on the ability of the Authority to perform its obligations under the Authority Documents;

(vi) to the best of legal counsel's current, actual knowledge without duty of inquiry, the information and statements contained in the Official Statement under the captions "THE AUTHORITY" and "LITIGATION" (but only to the extent such information relates to the Authority) do not contain any untrue statement of a material fact necessary to make the statement therein, in light of the circumstances under which they are made, not misleading in any material respect;

(5) the opinion of the City Attorney of the City of Garden Grove, as counsel to the City, dated the Closing Date, and addressed to the Underwriter, to the effect:

(i) the City is a municipal corporation duly organized and validity existing under the laws of the State of California;

(ii) the resolution of the City approving and authorizing the execution and delivery of the City Documents was duly adopted at a meeting of the governing body of the City which was called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout and the resolution is now in full force and effect; and

(iii) there are no judgments, actions, suits, proceedings, inquiries or investigations at law or in equity by or before any court, governmental agency, public board or body pending and notice of which has been served upon the City, or to the best of such counsel's knowledge after due inquiry, threatened, against the City which would restrain or enjoin the payment of Base Rental Payments under the Lease Agreement, or in any way contesting or affecting the validity of the Bonds, the Official Statement or the City Documents or the transactions described in and contemplated thereby wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Bonds or the City Documents or in which a final adverse decision could materially adversely affect the operations of the City;

(iv) to the best of legal counsel's current, actual knowledge without duty of inquiry, the information and statements contained in the Official Statement under the captions "THE CITY," "CITY FINANCIAL INFORMATION," and "LITIGATION" (but only to the extent such information

relates to the City) do not contain any untrue statement of a material fact necessary to make the statement therein, in light of the circumstances under which they are made, not misleading in any material respect;

(6) a certificate, dated the Closing Date, signed by a duly authorized official of the Authority satisfactory in form and substance in the reasonable judgment of the Underwriter to the effect that:

(i) the Authority is a public body, corporate and politic, duly organized and existing under the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Authority Documents and, when executed and delivered by the respective parties thereto, the Authority Documents to the best knowledge of the Authority will constitute legal, valid and binding obligations of the Authority in accordance with their respective terms except as the same may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought;

(ii) by official action of the Authority, the Authority has approved the execution and delivery of and the performance by the Authority of the obligations on its part contained in the Authority Documents;

(iii) the execution and delivery of the Authority Documents to which it is a party, compliance with the provisions thereof and performance of its duties thereunder, will not conflict with or constitute a breach of or default under the Authority's duties under any law, administrative regulation, judgment, decree, note, resolution, charter, by-law or other agreement to which the Authority is a party or is otherwise subject or by which its properties may be affected;

(iv) the Official Statement and the information therein as to the Authority is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact which is necessary to make such statements therein, in the light of the circumstances under which they were made, not misleading;

(v) to the best knowledge of the Authority, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution, delivery and sale of the Bonds or the consummation by the Authority of the transactions on its part contemplated by the Authority Documents;

(vi) to the best knowledge of the Authority, the Authority is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of

time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, which breach or default has or may have a material adverse effect on the ability of the Authority to perform its obligations under the Authority Documents;

(vii) there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court or governmental agency or body, pending and notice of which has been served upon the Authority, or, to the best knowledge of the Authority after due inquiry, threatened, against the Authority, except as disclosed in the Official Statement, to restrain or enjoin the execution or delivery of the Bonds, or the collection or assignment of the Base Rental Payments or in any way contesting or affecting the validity or enforceability of the Bonds or the Authority Documents or contesting the powers of the Authority to enter into or perform its obligations under any of the foregoing; and

(viii) the Authority covenants that it will not take any action which would cause interest with respect to the Bonds to be subject to federal or State of California personal income taxes;

(7) A letter, dated the Closing Date and addressed to the Underwriter and the Authority, of Jones Hall, A Professional Law Corporation, Disclosure Counsel, to the effect that based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy or completeness of the statements in the Official Statement such Counsel has no reason to believe that, as of the Closing Date, the Official Statement (except for Appendices A, B, D, E, F and G to the Official Statement, any information about the book-entry system or DTC, statements relating to the treatment of the Bonds or the interest or discount related thereto for tax purposes under the law of any jurisdiction, or financial, engineering, statistical and numerical data, forecasts, charts, numbers, projections, estimates, assumption and expression of opinion included in the Official Statement, as to which no view need be expressed) contains any untrue statement of material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(8) a certificate of the Trustee dated the Closing Date, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Underwriters, to the effect that:

(i) the Trustee is a banking corporation duly organized and existing under and by virtue of the laws of the State of California authorized to carry out corporate trust powers and has all necessary power and authority to enter into and perform its duties under the Indenture and to authenticate the Bonds;

(ii) the representations of the Trustee in the Indenture are true and correct in all material respects as of the Closing Date;

(iii) no litigation is pending and notice of which has been served upon the Trustee, or to the best of its knowledge after due inquiry, threatened (either in state or federal courts), against the Trustee (A) to restrain or enjoin the execution or delivery of any of the Bonds or the collection of revenues pledged under the Lease Agreement, or (B) in any way contesting or affecting any authority for the authentication or delivery of the Bonds or the validity or enforceability of the Bonds or the Indenture;

(iv) the Trustee is duly authorized to authenticate and deliver the Bonds to the Underwriter upon instruction by the Authority pursuant to the terms of the Indenture, and the Indenture constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with its respective terms;

(v) to the best of its knowledge, the execution and delivery of the Indenture and compliance with the provisions thereof, will not in any material respect conflict with, or constitute a breach of or default under, the Trustee's duties under said document or any law, administrative regulation, court decree, resolution, charter, bylaws or other agreement to which the Trustee is subject or by which it is bound, which breach or default has or may have a material adverse effect on the ability of the Trustee to perform its obligations under the Indenture; and

(vi) the Bonds have been validly authenticated and delivered by the Trustee;

(9) a copy of the Official Statement, executed on behalf of the Authority;

(10) a copy of the general resolution of the Trustee authorizing the execution and delivery of the Bonds and the Indenture;

(11) a copy of all resolutions relating to the Bonds, the Official Statement and the Legal Documents adopted by the Authority, the Authority and the City, as applicable, and certified by an authorized official of the Authority, the Authority and the City, authorizing the execution and delivery of the Bonds, the Legal Documents, and the approval of the Official Statement, as applicable;

(12) a tax certificate by the Authority and/or the City in form and substance acceptable to Bond Counsel and the Underwriters;

(13) a copy of the title insurance policy issued pursuant to the Lease Agreement;

(14) Rating letters from Standard & Poor's Ratings Group confirming the ratings on the Bonds; and

(15) such additional legal opinions, certificates, proceedings, instruments or other documents as Bond Counsel and counsel to the Underwriters, if any, may reasonably request to evidence compliance by the Authority and the City with legal

requirements, the truth and accuracy, as of the Closing Date, of the representations and warranties of the Authority and City contained herein, and the due performance or satisfaction by the Authority and the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the City.

Section 8. Changes in Official Statement. After the Closing, the Authority will not adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing. Within 90 days after the Closing or within 25 days following the end of the underwriting period, whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, the Authority or the City shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an 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 purchaser, not misleading. The Authority shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with a nationally recognized municipal securities repository. For the purposes of this section the Trustee, the Authority and the City will each furnish such information with respect to itself as the Underwriter may reasonably request from time to time during such period.

Section 9. Expenses.

(a) Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriters shall be under no obligation to pay, and the City shall pay from the proceeds of the Bonds or otherwise, all expenses and costs of the City and the Authority incident to the performance of their obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriters, including, without limitation, printing costs, rating agency fees and charges, initial fees of the Trustee, including fees and disbursements of its counsel, if any, fees and disbursements of Municipal Advisor, Bond Counsel and Disclosure Counsel and other professional advisors employed by the City or the Authority, municipal bond insurance premiums, and costs of preparation, printing, signing, transportation, delivery and safekeeping of the Bonds.

(b) The Underwriters shall pay all out-of-pocket expenses of the Underwriters, including, without limitation, advertising expenses, the California Debt Advisory Commission fee, CUSIP Service Bureau charges, regulatory fees and any and all other expenses incurred by the Underwriters in connection with the public offering and distribution of the Bonds, shall be paid by the Underwriters.

Section 10. Notices. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Samuel A. Ramirez & Co., Inc., 445 Figueroa Street, Suite 2310, Los Angeles, CA 90071, Attention: Vien Le. Any notice or communication to be given to the Authority or the City under

this Purchase Agreement may be given by delivering the same in writing to the Authority's and the City's addresses, respectively set forth above, c/o: City of Garden Grove.

The approval of the Underwriters when required hereunder or the determination of the Underwriters' satisfaction as to any document referred to herein shall be in writing signed by the Underwriters and delivered to you.

Section 11. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriters (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority and the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment of the Bonds.

Section 12. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[The remainder of this page is intentionally left blank.]

Section 13. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

SAMUEL A. RAMIREZ & CO., INC., as
representative

By: _____
Title: _____

Accepted and Agreed to:

CITY OF GARDEN GROVE

By: _____
City Manager

GARDEN GROVE PUBLIC
FINANCING AUTHORITY

By: _____
Executive Director

At _____ (Pacific Time)

EXHIBIT A

MATURITY SCHEDULE

\$ _____
Garden Grove Public Financing Authority
Lease Revenue Bonds, Series 2015A

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
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EXHIBIT B

**FORM OF
S.E.C. RULE 15c2-12 CERTIFICATE**

with reference to

Garden Grove Public Financing Authority
Lease Revenue Bonds, Series 2015A

_____, 2015

With reference to the above-captioned bonds (the "Bonds"), the undersigned hereby certify and represent as follows:

(1) The person setting his signature below is, respectively, (a) the duly appointed and acting Executive Director of the Garden Grove Public Financing Authority (the "Authority") and, as such, is authorized to execute and deliver this Certificate on behalf of the Authority, and (b) the duly appointed and acting City Manager of the City of Garden Grove (the "City") and, as such is authorized to execute and deliver this Certificate on behalf of the City.

(2) This Certificate is being delivered in order to enable Southwest Securities Inc., as the initial underwriter for the Bonds, to comply with the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(3) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated _____, 2015, setting forth information concerning the Bonds, the Authority and the City (the "Preliminary Official Statement").

(4) The Preliminary Official Statement is, except for Permitted Omissions (defined below), deemed final within the meaning of the Rule.

As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the Bonds depending on such matters, all with respect to the Bonds.

GARDEN GROVE PUBLIC FINANCING
AUTHORITY

CITY OF GARDEN GROVE

By: _____

Name: Scott C. Stiles
Title: Executive Director

By: _____

Name: Scott C. Stiles
Title: City Manager

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between the

CITY OF GARDEN GROVE

and

**U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank**

Dated as of November 1, 2015

Relating to

**CITY OF GARDEN GROVE
CERTIFICATES OF PARTICIPATION
SERIES A OF 2002 (2002 FINANCING PROJECT)**

TABLE OF CONTENTS

	Page
Section 1. Appointment of Escrow Bank	1
Section 2. Establishment of 2002 Certificates Escrow Fund	1
Section 3. Deposit of Funds; Application of Reserve Fund	2
Section 4. Application of Deposit	2
Section 5. Instructions as to Call and Prepayment of 2002 Certificates	2
Section 6. Application of Certain Terms of Trust Agreement	2
Section 7. Compensation to Escrow Bank	3
Section 8. Liabilities and Obligations of Escrow Bank	3
Section 9. Amendment	4
Section 10. Partial Invalidity	4
Section 11. Execution in Counterparts	4
Section 12. Governing Law	4
Section 13. Notices	5
Signatures	6
EXHIBIT A GOVERNMENT OBLIGATIONS AND CASH FLOW	A-1
EXHIBIT B FORM OF NOTICE OF PREPAYMENT	B-1
EXHIBIT C NOTICE OF DEFEASANCE	C-1
EXHIBIT D ESCROW SUFFICIENCY	D-1

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT, dated as of the 1st day of November, 2015 (this "Agreement"), by and between the CITY OF GARDEN GROVE, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow holder hereunder (the "Escrow Bank") and as trustee with respect to the City of Garden Grove Certificates of Participation Series A of 2002 (2002 Financing Project) (the "2002 Certificates") (the Escrow Bank being hereinafter referred to in such respect as the "Trustee");

WITNESSETH:

WHEREAS, the City has previously caused the execution and delivery of the 2002 Certificates pursuant to a Trust Agreement, dated as of March 1, 2002, by and among the Garden Grove Public Financing Authority, the City and U.S. Bank, N.A. as Prior Trustee (the "Trust Agreement");

WHEREAS, the Escrow Bank is the successor trustee under the Trust Agreement;

WHEREAS, the Garden Grove Public Financing Authority (the "Authority") has issued its Garden Grove Public Financing Authority Lease Revenue Bonds Series 2015A (the "Bonds") pursuant to an Indenture dated as of November 1, 2015, by and among the City, the Authority and the Trustee, for the purpose of providing funds, together with other available moneys, to prepay and discharge the 2002 Certificates;

WHEREAS, the Trust Agreement contains provisions relating to the defeasance of the 2002 Certificates upon the deposit with the Escrow Bank, as Trustee for the 2002 Certificates, of cash and Government Obligations sufficient to pay the principal and interest due and to become due on the 2002 Certificates, and any prepayment premium thereon, if any, on and prior to the maturity date or earlier prepayment thereof, and the City wishes to make such a deposit with the Escrow Bank and to enter into this Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited;

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Agreement;

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Appointment of Escrow Bank. The City hereby appoints the Escrow Bank, as escrow holder for all purposes of this Agreement and in accordance with the terms and provisions of this Agreement, and the Escrow Bank hereby accepts such appointment.

Section 2. Establishment of 2002 Certificates Escrow Fund. The Escrow Bank agrees to establish and maintain a special trust account designated the "2002 Certificates Escrow Fund," which shall be held by the Escrow Bank, as a segregated fund separate and distinct from all other funds

and accounts held by the Escrow Bank, in trust as security for the payment of the principal of and interest on the 2002 Certificates.

Section 3. Deposit of Funds; Application of Reserve Fund. Concurrently with the issuance and delivery of the Bonds, the City shall cause the Trustee to transfer from the proceeds of the Bonds to the Escrow Bank for deposit into the 2002 Certificates Escrow Fund in immediately available funds the amount of \$ _____. In addition, on or prior to the issuance and delivery of the Bonds, the Trustee shall transfer to the Escrow Bank for deposit into the 2002 Certificates Escrow Fund in immediately available funds the amount of \$ _____.

Section 4. Application of Deposit. From the maturing principal of the Government Obligations, as set forth in Exhibit A, and the investment income and other earnings thereon and other moneys on deposit in the 2002 Certificates Escrow Fund, the Escrow Agent shall on _____, 2015 (the "Prepayment Date"), apply the amounts on deposit in the Escrow Fund to pay with respect to the 2002 Certificates on such date the Prepayment Price of the 2002 Certificates (identified in Exhibit A) maturing after the Prepayment Date, as set forth in Exhibit D.

The Escrow Bank shall be entitled to rely upon the conclusion of _____, (the "Verification Agent"), that the Government Obligations in the 2002 Certificates Escrow Fund mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the 2002 Certificates Escrow Fund, will be sufficient to pay when due all regularly scheduled payments of principal and interest with respect to the 2002 Certificates on and prior to the Prepayment Date, and to pay on _____ all payments of principal and premium, if any, with respect to 2002 Certificates maturing after September 1, 2015.

After the Escrow Bank shall have paid or have made provision for payment of all principal of and interest on the 2002 Certificates, as well as any prepayment premium thereon, if any, as provided in Section 6 hereof, the Escrow Bank shall promptly transfer to the Trustee any surplus amounts remaining in the 2002 Certificates Escrow Fund to be used by the Trustee solely to pay debt service on the Bonds.

Section 5. Instructions as to Call and Prepayment of 2002 Certificates. The total amount of cash held in the 2002 Certificates Escrow Fund pursuant to Section 4 hereof shall be deemed to be and shall constitute the deposit permitted to be made by the City to pay in full the 2002 Certificates pursuant to Section _____ of the Trust Agreement at the times set forth herein. For the purpose of call and prepayment prior to maturity, the City hereby instructs the Escrow Bank, as the Trustee, and the Escrow Bank, as the Trustee, hereby agrees to give notice of prepayment of the 2002 Certificates (the form of which is attached hereto as Exhibit B), such notice of prepayment to be given timely for prepayment of the 2002 Certificates on or before _____, 2015 in accordance with the provisions of the Trust Agreement. The City hereby further instructs the Escrow Bank, as the Trustee, and the Escrow Bank, as the Trustee, hereby agrees to mail a notice of defeasance (the form of which is attached hereto as Exhibit C) on _____, 2015.

Section 6. Application of Certain Terms of Trust Agreement. All of the terms of the Trust Agreement relating to the call and prepayment of the 2002 Certificates prior to maturity and to the making of payments of principal and interest on the 2002 Certificates, as applicable, are incorporated in this Agreement as if set forth in full herein. The provisions of the Trust Agreement relating to the resignation and removal of the Trustee are also incorporated in this Agreement as if set

forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

Section 7. Compensation to Escrow Bank. The City shall pay or cause to be paid to the Escrow Bank full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, Prepayment costs and expenses, legal fees and expenses, which fees and expenses shall include the allocated costs and disbursements of in-house counsel (to the extent such counsel's services are not redundant of services provided by external counsel to Escrow Bank) and other costs and expenses relating hereto, pursuant to separate agreement between the City and the Escrow Bank. Such compensation shall not affect the right of Escrow Bank, as Trustee for the 2002 Certificates, to compensation for its duties (including but not limited to, exchanges and transfers of 2002 Certificates), under the Trust Agreement. Under no circumstances shall amounts deposited in the 2002 Certificates Escrow Fund be deemed to be available for said purposes prior to the payment in full of all of the principal, interest and prepayment premium due on the 2002 Certificates in accordance with Section 5 hereof.

Section 8. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the City shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the City or its agents relating to any matter or action as Escrow Bank under this Agreement. The Escrow Bank shall not be required to act upon any oral instructions, but may request that such instruction be given in writing.

The City covenants to indemnify and hold harmless the Escrow Bank and its officers, directors, agents and employees against any loss, liability, claim, cost, suite, judgment or expense, including legal fees and expenses, which fees and expenses shall include the allocated costs and disbursements of in-house counsel (to the extent such counsel's services are not redundant of services provided by external counsel to Escrow Bank) in connection with the performance of any of its duties hereunder, except the Escrow Bank shall not be indemnified against any loss, liability or expense resulting from its negligence or willful misconduct. Such indemnification shall survive the termination and discharge of this Agreement or the removal or resignation of the Escrow Bank.

The Escrow Bank undertakes only such duties as are expressly and specifically set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Escrow Bank. The Escrow Bank shall not be responsible for any of the recitals or representations made herein other than that the Escrow Bank is qualified to accept and administer the trusts created hereunder. The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal of and interest on the 2002 Certificates. The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Bank may consult with counsel of its own choice and the opinion of such counsel shall be full and complete authorization to take or suffer any action in accordance with such opinion of counsel.

Except as otherwise provided in this Agreement, whenever in the administration of this Agreement the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of any

authorized representative of the City, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof. The Escrow Bank may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and shall be protected and indemnified, in acting or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Bank signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion. The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

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

Section 9. Amendment. This Agreement may be amended by the parties hereto if such amendment shall be for the purpose of curing or correcting any ambiguous or defective provision hereof, but only, in either case, if there first shall have been filed with the Escrow Bank a written opinion of bond counsel stating that such amendment will not cause interest on the 2002 Certificates or the Bonds to become includable in gross income for federal tax purposes.

Section 10. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The City and the Escrow Bank hereby declare that they would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof would have been authorized irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 11. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 13. Notices. All notices, instructions, accounting and other communications under this Agreement shall be in writing and shall be deemed duly given to the parties hereto if sent by facsimile transmission (teletype) or sent by U.S. Postal Service mail, 48 hours after deposit thereto, postage prepaid and addressed as follows:

City: City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Manager

Escrow Bank: U.S. Bank National Association

Los Angeles, California _____
Attention: Corporate Services Department

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the City and the Escrow Bank have each caused this Agreement to be executed by their duly authorized officers all as of the date first above written.

CITY OF GARDEN GROVE

By: _____
City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Special Counsel

U.S. BANK NATIONAL ASSOCIATION, as Escrow
Bank

By: _____
Authorized Officer

EXHIBIT A

GOVERNMENT OBLIGATIONS AND CASH FLOW

<i>Type of Security</i>	<i>Type of SLGS</i>	<i>Maturity Date</i>	<i>Par Amount</i>	<i>Rate</i>	<i>Total Cost</i>
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EXHIBIT B

FORM OF NOTICE OF PREPAYMENT

CITY OF GARDEN GROVE
CERTIFICATES OF PARTICIPATION
SERIES A OF 2002 (2002 FINANCING PROJECT)

BASE CUSIP NO. _____

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (the "Obligations") issued pursuant to a Trust Agreement, dated as of March 1, 2002 (the "Trust Agreement") by and among the City of Garden Grove, the Garden Grove Public Financing Authority and U.S. Bank National Association, as trustee (the "Trustee"), the following Obligations in the amount of \$ _____ have been called for Prepayment on _____ 1, 201_ :

<i>CUSIP</i>	<i>MATURITY (March 1)</i>	<i>RATE</i>	<i>AMOUNT</i>	<i>PREPAYMENT PRICE</i>
	2017	5.375	1,320,000	
	2022	5.50	3,980,000	
	2026	5.50	4,040,000	
	2032	5.125	7,870,000	

To receive payment on the prepayment date, owners of the Obligations should present and surrender said Obligations on the prepayment date at the address of the Trustee set forth below:

By Mail (Registered):

U.S. Bank National Association

By Courier (Air Mail):

U.S. Bank National Association

In Person:

U.S. Bank National Association

A form W-9 must be submitted with the Obligations. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified. Holders of the Obligations who wish to avoid the application of these provisions should submit a complete Form W-9 when presenting their Obligations.

The Obligations shall be redeemed in the principal amounts on the dates listed above. From and after the respective prepayment dates, interest on the Obligations to be redeemed will cease to accrue.

DATED this ____ day of _____, 2015.

EXHIBIT C

NOTICE OF DEFEASANCE

**CITY OF GARDEN GROVE
CERTIFICATES OF PARTICIPATION
SERIES A OF 2002 (2002 FINANCING PROJECT)**

BASE CUSIP NO. _____

NOTICE IS HEREBY GIVEN to the owners of the above-captioned certificates of participation (as further defined below, the "2002 Certificates"), of the City of Garden Grove (the "City"), that the City has deposited with U.S. Bank National Association, as trustee (the "2002 Trustee") under the Trust Agreement, dated as of March 1, 2002 (the "Trust Agreement"), by and among the City, the Garden Grove Public Financing Authority (the "Corporation") and the 2002 Trustee, cash and federal securities, the principal of and interest on which when paid will provide moneys sufficient to pay on _____, 2015, the principal, interest and premium, if any, with respect to the 2002 Certificates maturing after March 1, 2016.

The 2002 Certificates to be defeased are as follows:

<i>CUSIP</i>	<i>Maturity (March 1)</i>	<i>Rate</i>	<i>Amount</i>
	2017	5.375	1,320,000
	2022	5.50	3,980,000
	2026	5.50	4,040,000
	2032	5.125	7,870,000

In accordance with the Trust Agreement, the 2002 Certificates are deemed to have been paid in accordance with Section _____ thereof and the obligations of the City and the Authority under the Trust Agreement with respect to the 2002 Certificates shall thereupon cease, terminate and become void and be discharged and satisfied.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated this ___th day of _____, 2015.

EXHIBIT D

ESCROW SUFFICIENCY

<i>Date</i>	<i>Escrow Requirement</i>	<i>Net Escrow Receipts</i>	<i>Excess Receipts</i>	<i>Excess Balance</i>
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